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# ***Daily Report***

## ***Supplement***

# **East Europe**

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# East Europe SUPPLEMENT

JPRS-EER-93-040-S

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12 May 1993

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**\* Impact of CSFR Breakup on Media Reviewed**

93CH0576A Frankfurt/Main FRANKFURTER  
ALLGEMEINE in German 14 Apr 93 p 5

[Article by Berthold Kohler: "Even Star Moderators Are Quickly Labeled as Traitors Following the Breakup of the Czechoslovak Federation—The Media Scene in the Successor States Has Changed Radically"]

[Text] Prague, 13 Apr—When Czechs and Slovaks still had joint television, Suzanna Bubilkova was a welcomed guest on one side as well as the other in evening living rooms in the republic. However, since both of the nations have been going their own way, the star moderator from Slovakia has found herself between the two fronts. Because she switched to Czech television, she was at first cursed by her own compatriots as a "defector" and a "traitor" and soon she also encountered the base emotions of the people in Prague. The director general of Czech television, Ivo Mathe, reported that he had received "many evil letters" on account of Mrs. Bubilkova because the Slovak national had continued to use her Slovak mother tongue—which is understood by all Czechs—in her broadcasts over Czech television. In order to demonstrate her affinity for her newly chosen homeland, the television moderator has, in the meantime, also switched to using the Czech language. The only thing remaining is a slight Slovak accent.

The breakup of the Czechoslovak Federation has completely altered the electronic media landscape in Bohemia, Moravia, and in Slovakia. Federal television, which the Slovaks accused of being an instrument of "Prague's anti-Slovak propaganda" ceased broadcasting during the night prior to 1 January. The former second programs in the Czech Republic as well as in the Slovak Republic have, in the meantime, become their respective principal programs. Program exchanges between the two countries barely take place anymore; only the main news is broadcast in the other republic with some time delay—on Slovak television, it is not seen until the next day. Slovak viewers are complaining that they are learning very little about the Czech Republic in their own programs, but are being bombarded with ecstatic reports about their own country instead.

The shortfall in mutual program deliveries has resulted in considerable costs for both of the television institutions. Czech television, for example, must now produce one-third more programming in order to fill up Channels 1 and 2. And the material which pleases Czech viewers most is not simple to acquire: "Czech comedies with native actors are expensive; and besides, authors are producing little that is funny," complains Director Mathe. The annual budget of 2.5 billion korunas [Kc]—approximately 147 million German marks [DM]—does not allow for any great leaps during production. Consequently, Channel 3 is being fed with free programs produced by foreign television studios which are, however, in the meantime also more concerned with dividends than with making donations.

For Czech television, the lion's share of revenue (Kc1.8 billion) continues to flow in as a result of television fees, because the broadcast law only allows the publicly and legally organized television authority which uses Channel 1 to use 1 percent of available broadcast time for advertising. The three million households which subscribe to this channel also do not represent a revenue source of random capacity. When the monthly television fees were raised to Kc50, thousands of Czechs deregistered their television sets. Since that time, the number of bootleg viewers is being estimated at 300,000. In contrast to television in the smaller country of Slovakia, the Czech television system is not dependent upon state subsidies and is thus, at least financially, independent of the government.

Nevertheless, Director Mathe says that it is tiresome to bear the burden of high costs alone and to be the target for criticism from all sides as a monopoly. The government feels that the program is too critical, the opposition feels it is too friendly toward the government, and the population, which desires more entertainment, feels it is too political. The fact that as of 1 February of next year a private corporation will take over Channel 2 is not considered to be a loss by the director general who was elected for a six-year term, but rather as an act of "deliverance." Mathe hopes that "good old-fashioned television" will be more appreciated by the Czech public in comparison with the private CET-21 television, which will be produced by an American-Canadian corporation. But the competition with the private broadcaster is not viewed completely without worry in the television building in Prague 4. Much as is the case with public-legal radio, so television is in danger of losing its handful of top journalists and technicians to the private sector, attracted by high wages.

In the case of radio, the granting of licenses to private operators has led to the explosive growth of broadcasters. In the city of Prague, there are currently a dozen competitors vying for a music-intensive and capital-intensive competitive drive of which, in the opinion of specialists, it is likely that only three or four stations will survive in the end. None of the broadcasters has thus far been able to fill the advertising time permitted by law. The favorite station among listeners is the French "Europe II" music station; relatively far back, on the other hand, is the BBC news program. And Radio Germany (Deutschlandfunk), which might also have been popular in Prague, never even had an opportunity because of Germanization fears at the Czech Ministry of Culture and because of the absence of political interest in Bonn.

And the breakup of the federal state also did not pass by the print media without leaving its traces. Both of the state news agencies were unable to come to terms with respect to a cooperation agreement; the flow of information across the common frontier remains poor. The economic newspaper, HOSPODARSKE NOVINY, is the only daily which still appears in both of the republics. Although one can buy supraregional newspapers from



Bohemia at many newsstands in Bratislava, the search for Slovak newspapers in Prague is, for the most part, like the travels of Ulysses. Subscription copies to Slovak newspapers are basically delivered a day late in the Czech capital city—if they are delivered at all. The Postal Newspaper Service, which is still a state-run organization, operates at a speed and efficiency which clearly mark it as the last stronghold of socialism in Central Europe.

Among the 15 dailies which appear in Prague, it is primarily the traditional names that are asserted—such as the former communist central organ, RUDE PRAVO—now “independent,” but still inclined toward the left—or the former youth newspaper, MLADA FRONTA DNES (which stands politically in the center). Both newspapers draw on an endless supply of personnel as well as technical facilities. Pure party newspapers barely have a chance on the market; new titles generally have a difficult time. RUDE PRAVO is one of the few large newspapers that have no participation by a foreign partner on their way toward privatization. A particularly strong commitment in what used to be Czechoslovakia has been made by the French Socpress publishing group. However, the largest foreign investor in the Bohemian-Moravian press market is the Swiss publishing house of Ringier, which is participating in 12 press titles which have a weekly press run of 2.5 million copies. The Ringier-published tabloid, BLESK (BLITZ), fully met Czech reader tastes and became a box-office success: Placed on the market in April 1992 with a startup run of 250,000 copies, the daily run is now 600,000 copies. BLESK is the most frequently read newspaper in the Czech Republic.

However, the publishing house of the PASSAUER NEUE PRESSE is making bigger headlines in Prague; through a Czech daughter corporation, the publisher bought up three dozen local newspapers in western and southern Bohemia where it has “successfully” introduced the concept of a regional press, something even a competitor admits. As they do with everything that comes from Bavaria or from the vicinity of the CSU [Christian Socialist Union], the Czechs, who are concerned with national independence, consider the publicistic commitment of the Passau group to be yet another Germanic encirclement effort or, what is even worse, they see Sudeten German interests at work. The government is currently investigating whether the Bavarian publishing house violated the antimonopoly law with its acquisitions. Domestic publicists tend to evaluate the internal media lament regarding the Passau commitment also as an indication that the large Czech publishers in the capital city had missed the opportunities which existed in their own provinces and are now grieving after a lost market.

### \* Hungarian Trade With Independent Republics Assessed

#### \* Official's View

93CH0572A Budapest MAGYAR NEMZET  
in Hungarian (Economic Supplement) 5 Apr 93 p 1

[Article by Laszlo Gergely and Sarolta Osvath: “MAGYAR NEMZET Business Breakfast: Russian-Hungarian, Ukrainian-Hungarian Trade on the Agenda; We Have Not Lost Our Chances at the Markets of the Independent Republics”]

[Text] “Make no mistake, it was not the present government which took action to remove ourselves from the Russian and Ukrainian markets. We were, indeed, removed from these markets, of course, but it was Tamas Beck, the minister of the external economy in Miklos Nemeth's cabinet that brought this business activity to a halt.” Sandor Ficza, the managing director of TEXO, Ltd. tried to correct our statement at last week's New York Cafe business breakfast hosted by MAGYAR NEMZET, with guests including the heads of enterprises interested in Russian-Hungarian and Ukrainian-Hungarian trade and banking relations, and concerned representatives from the state administration and trade diplomacy. We said that it was easy to withdraw from these two huge markets, but much more difficult to return there. But returning is not impossible; to the contrary! All one has to do is to find the right method for returning. This was the topic of discussion at our business breakfast.

We asked Chief Counsellor Laszlo Timar, a division chief at the Ministry of International Economic Relations [NGKM], to open debate by describing our trade relations with Russia and Ukraine, and with the rest of the independent republics. Here is what he had to say:

“We did not withdraw from the markets of the successor states to the Soviet Union. A change was made relative to the settling the accounts. After 30 or 40 years, we acted extremely quickly to change over to settle our accounts in convertible currencies. In the course of a year—from 1990 to 1991—the volume of trade has dropped by half, according to calculations. Three years ago most of our transactions were accounted for in rubles. We changed this system. But the Hungarian government reached an agreement with the Government of the Russian Federation in December 1990. This step was followed by a whole ‘series’ of basic economic and trade agreements with Ukraine, Belarus, Kazakhstan, Uzbekistan, Moldova, the three Baltic states, Armenia, and Georgia. These documents were consistent with GATT requirements; they did not include contingents—provisions that could have reminded one of agreeing to things in an obligatory manner—and the entire role played by government organs dealing with such things also ceased. Management based on command no longer exist in the Russian and Ukrainian systems either.

"The significance of the governmental agreements is that they provide a certain sense of security to the trading partners. When enterprises enter into contract for the importation of one or another item included in the indicative list, their country issues an import permit immediately. If the exporter enters into an agreement, he receives a green light the same way. The difference between their system and our system is that such permits and licenses do not represent guaranteed entitlements to receive foreign exchange. This is a contradictory aspect of the trade relations.

"By now we must deal separately with the Russian, Ukrainian, and the rest of the markets. Moreover, by now, the republics within the Russian Federation must also be regarded as separate in many respects. Indications are that individual regions and cities within the Russian Federation are also going to play independent roles. They have certain quotas which represent actual commodity volumes, and along with the licensing proceedings, they are free to dispose of their exports. To a smaller or greater extent, these regions are now reaching the point where they know what they legitimately can call their own, and therefore are able to manage their own assets. In the past they had to visit central government offices, where they either received or did not receive permits and licenses, and only after receiving permits did they go to work. Business deals were delayed by all means, and failed in many instances. But more settled conditions are evolving now, and thus we established contacts with these regions, and we have now reached the stage where we can also reach agreements concerning details.

"A delegation representing seven regions in the Ural Mountain area visited here recently. This is a two million square kilometer part of the country with 26 million people. This vast area has huge mineral deposits, and presents great opportunities and a great demand. It is important for us to trade with this area, and so, we were able to negotiate exploration and servicing agreements. We definitely will become partners in these ventures, if they are prepared to reach an agreement—either within the agreement reached with the Russian Federation, or independently. Once an agreement is reached, this Ministry will provide information to Hungarian firms—either in the form of an indicative list, or in some other form of text—regarding the opportunities there. This is important, because, as we know, while we were aware of a lot of things in the past decades, the only things we did not know were where in the Soviet Union things were going, and from where they came from.

"It is often said that the merchandise to be bought or sold is already given, the only things missing are banking relationships, and methods of payments and settlements. We should realize that the Hungarian commercial banks were a bit clumsy in the beginning building banking relationships. Considering the risk factors over there, the Hungarian banks manifest a greater degree of caution than the Western banks. It should be clear, of course, that Western financial institutions do not squander their

money either, and that whenever they provide credit backed by merchandise, most often such transactions are backed in return by credits received from the government. In contrast, it appears that the Hungarian Government is unable to provide budgeted funds for Hungarian foreign trade to guarantee one or another large transaction. It would appear as appropriate to find a solution to this problem through the commercial banks. The fact is that last year the situation was resolved with the Russian Federation, in the form of an intergovernmental agreement, in which the Russian party pledged that under certain conditions it would purchase Hungarian goods for the money we spent there on oil and natural gas. But this agreement lasted for only a year. Exports valued at about \$300 million were transacted as a result, under relatively consolidated conditions. Such an agreement did not come about this year; the Russian party claimed that it could freely sell oil and natural gas anywhere in the world, and therefore it would not commit itself to expend its oil and natural gas revenues in Hungary.

"In the end, then, the absolutely normal international trade conditions consistent with GATT became mixed here with perceptions holding that the two governments balanced their trade relations based on either political or economic considerations. This, of course, cannot really be established as a condition, because we are trading on the basis of free foreign exchange, and we do not want to return to the old practice. Irrespective of this situation, agreements can be reached with either the Russians or the Ukrainians, or with the rest of the member republics, but only those agreements make sense which are consistent with the will of the enterprise sphere over there. Once we see the contours of such perceptions, we may be able to establish a new trading system which could be operated on the basis of banking relationships. Despite the fact that Hungarian banks watch this market with great reservations, relations with several republics have already been developed primarily by the large financial institutions. We would like to resolve one issue by all means: to establish in the framework of certain 'smaller relationships'—for example in the Kazakhstan relationship—a joint Hungarian-Kazakh-West European bank whose function it would be to finance specific transactions.

"One cannot expect for the time being that Hungarian banks or international banks accept bank guarantees from the independent republics. On the other hand, we see the evolution of situations in which they would accept guarantees, for example, from the Kazakh government. Some Hungarian exporters have transacted a respectable volume of exports under such conditions, i.e., eliminating bank guarantees, and accepting the guarantee provided by the government there."

[Box, p I]

#### Industrial Centers—In Alliance

An Association of Industrial Centers has been established at the initiative of GYOSZ [National Association

of Manufacturers]. The association is based on the principle that in countries in a transitional state one cannot develop the entire economy all at once. One has to establish centers on a regional basis, industrial centers which attract the resources of the area, and one can make more headway with a concentrated effort. Organizations like GYOSZ were established in the Russian Federation at first, and then in the rest of the independent republics, and the Association of Industrial Centers came about as a result of cooperation among these associations.

The organizations of the independent republics will hold their congress at Csopak, Hungary, in May; it will be hosted by the Hungarian GYOSZ, but the Japanese, Spanish, and German associations of manufacturers have also expressed an interest in attending the congress.

#### \* Russian View

93CH0572B Budapest *MAGYAR NEMZET*  
in Hungarian (Economic Supplement) 5 Apr 93 p III

[Article by Laszlo Gergely and Sarolta Osvath: "Boris Zhuldibin: Growing Hungarian Exports Are in Our Interest"]

[Text] The deputy trade representative of the Russian Federation in Budapest talked about several measures supposed to encourage the influx of foreign capital, and said that they have decided to establish an insurance fund whose basic function would be to provide guarantees and to thus increase the sense of security of investors in the member countries of the Russian Federation. Last year they enacted basic laws also permitting the withdrawal of foreign entrepreneurs' and joint enterprises' profits abroad. "Accordingly, obstacles no longer exist. Moreover, last year a new foreign trade organization, the International Cooperation and Development Agency of Russia, was established to encourage international relations and to attract foreign capital to finance industrial modernization in Russia. An innovation fund was also established; its purpose, too, is to foster development with the involvement of foreign resources. These institutions are just beginning to function, and we hope that they are going to be successful. At the same time we are paying attention to foreign economic relations, to the development of cooperation. We understand why most Western capital, and thus also Hungarian investors, are reluctant. We very much hope that this year we will be able to reach an agreement with the G-7 concerning the repayment of loans and the forgiving of interest; at that point we will have new opportunities available for Western capital."

Regarding Russian-Hungarian trade: "According to data available at our office, our 1992 trade volume exceeded \$2.8 billion. The value of mercantile trade has increased most intensively—by almost 30 percent—with the Hungarians, from among the former socialist countries. We hope that we can continue to maintain this level in 1993. The ratio of Hungarian agricultural exports to Russia was high last year; incidentally, third countries were also

involved in these transactions. Last year, for example, your country has delivered 3 million tons of grain. We cannot tell how the exports are going to be this year, how the harvest is going to turn out, and whether there is going to be enough grain to be exported. We would like to continue with the grain purchases. The way we see it, trade between the two countries is being transferred to the various regions. We are encouraging enterprises to establish relations between Hungarian and Russian regions. At the same time, we are aware that export financing is a very big problem, i.e., the fact that for the time being, banks do not wish to play a role in this regard. This is why the third countries became involved; they were in a position to provide financing. Serious amounts of money have already accumulated in Russian enterprise accounts in Western banks, and these enterprises would very much like to take advantage of this opportunity to purchase Hungarian goods. Most Russian exports consists of energy resources. The fact that the Russian Government—the Ministry of External Economic Relations—does not rule out re-exportation rights to Hungarian enterprises represents a significant step ahead. Quite a few enterprises have already taken advantage of this possibility, because it provides an excellent opportunity to expand mainly the traditional Hungarian exports, such as food products, machinery, and crude oil products. It is extremely important from the standpoint of Hungarian enterprises to be able to renew previous relations with their Russian partners. The best chance for taking advantage of these opportunities offers itself primarily in the course of cooperation between enterprises and regions, as Mr. Timar has already pointed out. This is a bit odd, but not impossible. I can give you a good example: Futura Limited Partnership is beginning to manufacture agricultural machinery in Moscow at one of the largest Russian machine industry enterprises, based on the well-known family of machines from Szolnok and Mosonmagyaróvár. I regard yet another topic as very important: Our external economic activities have been the subject of much criticism recently. The condition for the implementation of effective, favorable measures is that Russia receive economic aid based on a statement to be made by the G-7. Such aid would also open new opportunities from the standpoint of Hungarian exports. In other words, we will be able to purchase more Hungarian products if we do not have to expend the Hungarian surplus on repaying interest."

"Finally, I would like to call attention to an opportunity that has not been taken advantage of: There are virtually no Hungarian advertisements in Moscow newspapers. This year I saw only one Hungarian food advertisement. I have seen no advertisements for machinery, chemicals, and the rest. Demand can only be generated by advertising. The Russian trade office regards the increase of Hungarian exports as its fundamental task. We have established an information office within our office; that office is able to match partners and to convey business proposals, all the way to consummating agreements. Last year the Russian surplus amounted to \$1 billion, this year we have already reached the \$600 million level."



**\* Ukrainian View**

93CH0572C Budapest MAGYAR NEMZET  
in Hungarian (Economic Supplement) 5 Apr 93 p III

[Article by Laszlo Gergely and Sarolta Osvath: "Svjatoslav Bulah: It Is Difficult To Trade With Ukraine, but It Is Well Worth It"]

[Text] The managing director of the Ukrainian-Hungarian Trading House began his statement by mentioning first of all that several new laws which regulate the activities of foreign investors in Ukraine had been enacted during the past year and a half. "The most significant achievement is that foreigners doing commercial business in Ukraine are exempt from paying taxes for three years, while others making productive investments do not pay taxes for five years. Present laws permit these investors to withdraw from the country the income produced by their investments. Laws governing foreign trade and enterprising are connected to these laws; from a practical standpoint they establish a legal status for foreign investors similar to the status enjoyed by Ukrainian enterprises, and foreign investors also receive additional benefits. At the same time, the new Ukrainian Government tightened its foreign trade rules as of recently; based on these rules Ukrainian authorities exercise increased control over exports. This became necessary primarily because in recent times Ukraine received nothing in return for several billions of dollars worth of exports, and thus the foreign exchange reserves were not replenished to a sufficient extent.

"Hungarian entrepreneurs manifest great interest in Ukraine, they are seeking trade opportunities. In the next few years we expect to see increased cooperation, in my view, because Ukraine is a transit country from the standpoint of Hungary, and the same way, Hungary is also a transit country from the standpoint of Ukraine, toward the West. For now, the greatest demand manifests itself for goods we have been importing from Hungary for decades. Due to the loosening of relations, however, some serious shortages evolved regarding these goods during the past two years. At present, the greatest problem is caused primarily by the fact that Ukrainian enterprises do not yet have their independent foreign trade organizations, and lack connections and experience. Rules and laws are also only in the process of being developed. It is not easy to trade with Ukraine, but I am convinced that it is worthwhile to do so, because we have plenty of merchandise and raw materials of interest to Hungarians. In addition, Hungarian traders also perform the role of an intermediary between Ukrainian and Western markets. It is worthwhile to establish foreign trade relations and joint enterprises for those who are familiar with Ukraine and the local conditions. For this reason in particular, close neighbors, among them the Hungarians, have good chances to succeed. To encourage trade, last year we established a Ukrainian-Hungarian Trading House in Budapest; its function is to establish contacts. One also must recognize, however, that for the time being the most active interest in trading

is manifested by those who have no money either in Hungary or in Ukraine. It is difficult to filter out the gentlemen of fortune who want to get rich quickly, without work."

**\* Business' View**

93CH0572D Budapest MAGYAR NEMZET  
in Hungarian (Economic Supplement) 5 Apr 93 p III

[Article by Laszlo Gergely and Sarolta Osvath: "The Independent Republics: The Trials and Tribulations of Returning"]

[Text] It is not impossible to return to the still huge markets of the former socialist countries; this much was verified by the guests invited to our business breakfast. The following is a summary of the methods, opportunities, and traps they are familiar with.

TEXO Ltd. managing director Sandor Ficza: "The 1990 collapse of the Russian market had a catastrophic impact on both parties, both the Russians and the Hungarians. Deliveries declined significantly due to the so-called 'withdrawal.' Incidentally, the present government must not be blamed for this; the fact is that the minister of the external economy of the previous government—the Nemeth government—prohibited exports to the Soviet markets. Hungarian exporters removed themselves from the independent republics in response to a command issued by the power structure, expressly in response to state action. After 1990, the coat had to be re-buttoned, to use the customary Budapest slang: We had to reinvent how to proceed further. The 'retreat' to the previously abandoned market began. By nature, entrepreneurs climb back through the window if thrown out through the door. We did not wait until the large banks woke up, and until banking relations were established. For example, TEXO found a very small Moscow bank. We invited its head to Budapest and took him to our bank, the Postabank. We told the two banks that we had business to do, that this required financing, and the two banks should agree on how that could be arranged. They succeeded, almost like a miracle. At present they accept each other's documents up to a \$10 million limit, i.e., if the Russian Discount Bank issues a letter of credit in favor of TEXO let's say for \$1 million, this letter of credit is worth as much if negotiated by Postabank as if a Western bank had done it. And this also holds true in the reverse. This represents tremendous progress, because striking a deal is no longer delayed by banks examining their mutual acceptability, in addition to the need to obtain various permits. Based on an agreement reached last November, we delivered 200 tons of coffee to Moscow, and obtained in return highly purified metals, while our banks made payment by the deadline specified.

"But we already took another step further: We paid a visit to the central bank of the Russian Federation, to permit the Discount bank to use part of the foreign exchange it potentially acquires. In doing so we replaced

classic barter transactions with cash payments. Thus we have accurate knowledge, that if we sell 3,000 tons of aluminum, we may import goods for the value of 1,000 tons, because we are able to obtain the central bank's concurrence for cash payment up to 30 percent of the value of commodities exported. This thing is functioning; we were able to establish the needed conditions. It is yet another question why all this was not handled by the national bank of the Russian state, and based on an initiative by the Hungarian National Bank [MNB] with commercial banks in Hungary, and why the entrepreneur had to expend time and energy to accomplish that. But the problems can be resolved if one makes the effort. Just today, a \$10 million letter of credit was opened for the delivery of aluminum; consequently my colleagues are negotiating in Moscow what kinds of goods TEXO Ltd. should deliver to the Russian market for \$3 million."

#### No Business Without Personal Contact

"Demand for Hungarian goods exists, one only has to find a way to deliver it one way or another. One need not 'rip off' this market, because it is possible to produce sufficient amounts of foreign exchange through honest and honorable channels of trade. One also has to abandon notions about Russia being a modest market where anything and everything can be sold. That is not the case. Similarly, it is not true that one can amass fortunes with little work, because Russia is none other than a colony awaiting to be exploited. One has to call special attention to one thing, however: perhaps ever since the era of the Czars, personal contacts are most important when doing business in Russia, and nothing has changed in this regard. The situation of an entrepreneur is hopeless until he becomes introduced at the market, and until he establishes his personal contacts. Business can be transacted only on the basis of careful preparations, personal acquaintances, and confidence.

"Today, the greatest difficulty in this market is caused by export licenses. Before issuing an export license, the Russian state demands an advance deposit of a certain amount of money. The exporter obviously has no funds for this purpose—let alone foreign exchange—and therefore a foreigner, a Hungarian entrepreneur in the given situation, must carry with him this amount of money, based on uncertain conditions. Understandably, Hungarian banks do not want to become partners in such transactions. They are not interested in the kind of business opportunity that exists behind an application for credit like this, in general they are only examining whether guarantees exist. This is one of several reasons why the Export Guarantee Corporation should urgently start its operations."

Videoton Commercial Corporation President Andras Gede:—"We are convinced that the breakthrough strategy based on the principle of industrial centers could produce results for Videoton Corporation. The Videoton Group consists of 15 functioning enterprises at present, and these have already produced substantial profits last year. We would like to achieve a greater breakthrough,

but only if this does not threaten our already acquired positions. We, too, find it unacceptable that in a highly inappropriate manner, the Russian state wants to take money out of a business before it has even entered into it. Our initiatives fail in very many instances because of that. This is impermissible, in our view. It is easy to say that the Russian Government or its trade office endeavors to increase the volume of Hungarian exports, when, in reality, this is not the case...."

Eurotex Commercial Ltd. Manager Laszlo Berkovics:

"Our firm is engaged in both retail and wholesale trade, and we have multiple business relations with both the Russian and the Ukrainian markets. Due to constantly changing conditions we decided to reinforce our position with a permanent presence. We established a retail network in the Lower Carpathian Region, we have two stores, one in Ungvar [Uzhhorod] and another in Nagyszollos [Vynohradiv]. We are selling general merchandise and food. We enter into a cooperative agreement—it is taking place momentarily—with a production plant at Huszt [Khust], where they are going to make finished products out of Hungarian base materials we deliver. Our plans call for selling the merchandise in Ukraine and in Russia, and part of the goods in Hungary. We regard the Ukrainian market as very important, because this part of Ukraine will become a free trade zone. We want to establish a bonded warehouse, and we are also working on establishing a joint enterprise. We want to establish a household machine production plant jointly with Western partners in Kiev. This was not easy, but we managed to get a foothold in the Ukrainian market to the extent that we no longer have to struggle with the usual, daily banking difficulties. We were able to introduce certain automated steps in our transactions. The essence of these is that they immediately convert for us money received in the national currency, and that this money appears in the form of foreign exchange on our account. This is a great achievement which encourages us to establish ourselves permanently in this area."

Ceic Holdings Ltd. Vice President Sandor Nyul:—"We began building our relations in this region last summer, and after such short time trade with this regions represents 20-25 percent of our total international sales. As a result of this we are planning to establish long-term business relations with Bashkortostan and Tatarstan. Undoubtedly, they were living quite isolated so far, and they need many kinds of services. The fact that they recognize the Hungarian economic model as valid is decisive from our standpoint. We also provide representation; in exchange for importing crude oil and other raw materials to Hungary we deliver food and other agricultural products. As I mentioned before, our activities are far more complex than this; to mention just one example: we are now completing our training program in which we trained 2,000 Tatar professionals in market facts, economic and commercial work."

#### Banking Structure Inappropriate

Interconcepts Managing Director Charles Rudd:

"I have been representing my firm for 19 years in the Soviet Union, and, from a practical standpoint, we have

already been doing business with everything and everyone. The firm has five regional offices in the territory of the Russian Federation, including six functioning enterprises. We have three enterprises in Kazakhstan, eight in Uzbekistan, and two in Lithuania. We coordinate these enterprises from Budapest; we feel that still, at this time, this city is the financial center of the region. In my experience, intergovernmental cooperation and governmental guarantees are worth anything only if real personal contacts exist, and this presumes decency and professional competence on part of businessmen. Due to the high degree of financial uncertainty in this market, Interconcepts business policies call for reinvesting all revenues into merchandise. We do this, because it is difficult to follow the quickly changing ruble exchange rate, i.e., one can lose a lot in a short period of time. Accordingly, due to less than full service banking operations we had to invent our own banking maneuvers. We now have a Hungarian-Uzbek project, in which Babolna is the Hungarian party. The essence of it is that we deliver products from Babolna in exchange for Uzbek cotton. Some 8,000 tons of cotton were received recently that way. Our firm and Babolna Corporation established a joint account, and the money was deposited to this account as soon as we sold the cotton. Another, similar example is the cooperative venture of the Nizhniy Novgorod Region and Agricon—a business worth about \$8 million. We also have a banking transaction which, from a practical standpoint, constitutes a financial bridge between a Swiss bank, Uzbek banks and various firms. Behind this arrangement there exists some cooperative production that resembles CEMA, except that it wears a new gown. It is by all means true that at present there does not exist a developed banking structure and practice responsive to the changed conditions, and therefore we are left to our own connections and ideas.”

Commercial Bank Corporation Division Director Adam Kemeny:

I must acknowledge that most of the criticism I heard about banks is justified. Hungarian banking standards fall far short of global banking standards; they have not reached that level from the standpoint of either technology, or experience. Incidentally, banks try to avoid risks all over the world, while the same is not one of the Hungarian specialties. And insofar as the territory of the Soviet Union is concerned, the activities of the Hungarian banks are characterized by increased cautiousness. This is entirely understandable, in my view. Why is this so? Not too long ago the MNB issued a bulletin to inform all commercial banks that any guarantee originating from former Soviet banks was unacceptable. This non-mandatory admonition, which nevertheless is worthy of consideration, has been interpreted by each commercial bank in its own way. This is one of several reasons for cautiousness. The other reason is that the Hungarian banks had no place to remove themselves from, because previously they were not the ones who

administered banking transactions with these countries. They obviously had no relations of any kind at all, and such relations cannot be established in the course of a few months. Not even in the developed Western world would it be conceivable for a bank to accept guarantees from another bank it became acquainted with two or three months earlier. The Commercial Bank Corporation is one of the banks which awakened at a relatively early stage, and based on an interstate agreement did \$700 million worth of business last year. One should not believe, however, that this occurred in the form of some automatic process; the appropriate techniques had to be developed. Based on these techniques, we opened accounts for the Russian enterprises and we use the moneys deposited to pay for Hungarian exports. Thus, Hungarian exporters can feel absolutely safe about receiving payment. But according to every indication, we are not going to be able to continue this practice this year due to changes in Russian rules and regulations, even though we hope to be able to operate a similar structure strictly on the basis of business, not starting out from the state.

“But even the banking system of Russia is not really suited to accommodate independent international activities, even though at least 2,000 banks were established recently. They have ten banks, at most, which comply with international standards. They came about with a low amount of capital and in the absence of any communication system, while these matters would be regarded as basic requirements in international banking relations. Disregarding the substantive operations of banks, along with a hyper-inflation, with interest rates not reflecting the real condition of the economy, central banks are only able to refinance the loans the commercial banks granted. Further, we are greatly concerned because neither the economic nor the legal rules are stable, one cannot tell whether a rule is still going to be in force two weeks hence. But one has to sail, even in that market.

These days, foreign banks, thus also Hungarian banks, must agree to perform activities that are not expressly banking activities. They act as intermediaries in business transactions and organize business relationships. But along with that, the Hungarian banks must continue their search for the miracle weapons, for those special banking technologies.”

#### Governmental Guarantees Needed

Tamas Vadas, the chairman and president of the Cel Group of Enterprises:

“An essential issue in this regard is the fact that due to its peculiar character, the Hungarian economy thinks only in terms of the next day. A long term outlook is missing: the economy is being transformed by taking note of the Western model, but the process has not really been thought through. It is not enough to establish private ownership alone. Within certain limits, this process should be catalyzed by the government, because we



ought to find out in what fields the Hungarian economy could be successful. We know, for example, and we have experience in the ways an economic system changes, and how one has to adapt to it. We should profit from this knowledge, and this would not require capital, only the background and an opportunity would be needed. Western investors in both East Europe and in the former Soviet states often insist on obtaining government guarantees before they invest. We, too, could become involved with these countries, if the Hungarian Government provided guarantees only, primarily to offset political risks. This would require a guarantee fund. Entrepreneurs are incapable of independently accepting risks, only the large multinational firms are able to do so to the tune of a few hundred millions of dollars. In Hungary much production capacity is being freed as a result of bankruptcies. Technology could be introduced to these places if there were government guarantees. This could be accomplished with private capital or on the basis of credit. For example, a plant purchased with funds obtained from a small business [E; Existential] loan could be transferred to Ukraine. No bank would approve of such a move today, but they would approve without a second thought if there were a government guarantee. And in the place of that plant, a more modern production culture could be introduced, for example, as part of a Japanese credit structure."

#### \* Hungary-Romania Trade Relations Viewed

93CH0571B Budapest FIGYELO in Hungarian  
1 Apr 93 p 9

[Unattributed article: "Romanian-Hungarian Trade: Demand for Food Exists"]

[Text] A 10- to 15-percent increase in exports can be expected next year; export expansion may be attributed to food industry transactions. Romania is not a buyer of production and investment goods.

After two years of decline, our foreign trade with Romania has expanded significantly in 1992.

From a practical standpoint, trade between Romania and Hungary has been based on convertible currency settlement in 1992. Exports accounted for in convertible currencies amounted to \$188 million in 1992, while imports reached the \$68 million level, exceeding 1991 export and import levels by 5 percent and 32 percent, respectively.

Calculated in forints, our 1992 exports to Romania increased by 50 percent, but our imports from Romania

increased by only 5 percent over and above 1991 levels. The negligible increase in imports over the 1991 level was not caused by an insolvent demand on part of our enterprises, but by the fact that Romanian goods are unable to compete with traditional, West European imported products. (Hungarian traders complain primarily about quality and about unfavorable delivery terms.)

Insofar as the structure of our exports is concerned: More than half, or 51 percent, of our exports to Romania consists of agricultural products; one quarter of our exports consist of materials and parts, 13 percent of consumer goods, and 10 percent of machinery. (See table below)

The expansion of exports may be attributed primarily to increased food exports: In 1992 agricultural exports doubled as compared to previous years. All these data indicate no problems insofar as the solvency of the demand by our neighbors is concerned. They buy only basic supplies for the population, while they show no interest in production and investment goods, according to NGKM [Ministry of International Economic Relations] Division Director Gyorgy Gilyan.

A new phenomenon in trade between the two countries is the decline in barter and commission agent trade. (Such trade represented 31.5 percent of the exports during the past two years, while in 1992 it only represented 20.9 percent of the exports.)

The fact that a number of Hungarian entrepreneurs established joint enterprises in Romania played a role in last year's export increment, according to Gilyan. Romanian statistical data show 1,000 registered Hungarian-Romanian joint enterprises thus far. Although these firms started out with extremely small amounts of basic capital, and although almost all of these are service organizations, their presence in the marketplace provides a good foundation for strengthening our trading position.

This wave of establishing joint enterprises also goes to prove that businessmen are sufficiently imaginative to establish footholds even in Romania struggling with economic difficulties, despite the fact that beginning on 1 January 1991, the Hungarian state has not provided any guarantees regarding the shipment of goods.

What does the future hold for Hungarian-Romanian trade? The NGKM is cautiously optimistic that the growth pattern of exports continues (our exports may expand by as much as 10-15 percentage points this year), unless the Romanian economy manifests a drastic deterioration.

Our Foreign Trade With Romania

Commodity Structure	Imports (E [expansion unknown] Forints)		92/91 Change (%)	Exports (E forints)		92/91 Change (%)	Share of All Exports [to Romania] (%)
	1991	1992		1991	1992		
Materials, Parts	1,938,432	2,467,778	127.30	2,784,268	3,641,225	130.77	24.4
Machinery, Equip- ment	641,502	607,993	94.77	1,783,400	1,442,835	80.90	9.6
Consumer goods	1,480,461	1,631,012	110.16	1,757,230	1,995,107	113.53	13.3
Agricultural and food industry items	773,756	773,094	99.91	3,539,372	7,591,987	214.50	50.9
Energy resources, electrical energy	447,537	83,401	18.63	78,325	244,662	312.36	1.6
TOTAL	5,281,688	5,563,278	105.33	9,942,595	14,915,816	150.01	99.0

Source: NGKM

**\* Ethnic Hungarians' Interest in Duna TV Mixed**  
93CH0566B Budapest NEPSZABADSAG in Hungarian  
8 Apr 93 p 7

[Report by Jozsef Gyorgy Farkas, Elemer Koszeghy, and Zoltan Tibori Szabo: "Duna TV Beyond The Borders"]

[Text] *After a few months passed, we tried to find out how many Hungarians living in the neighboring countries watch the Duna TV channel and how they like it. The following compilation may be illuminating even without exact data or surveys.*

**Slovakia: The Majority Are Still Waiting**

In Slovakia, watching Hungarian TV has never been included among things banned, and Budapest's radio and TV programs were published by Hungarian-language papers even during the times of the party state (unlike in Romania). Reception on these channels is greatly aided by the fact that the regions of densest Hungarian populations are located near the border, including the Csallokoz plains, where people can tune in to Budapest or a relay station with a simple roof antenna. In summary, TV programs broadcast from Hungary do not belong to the category of forbidden or rare things.

It follows from the above that people do not seem to have an especially great interest in acquiring the technical equipment needed for the reception of Duna TV. An antenna installer from Ersekujvar once told our correspondent that the private firm, for which he was working, accepted orders for installing such antennas between Pozsony and Rimaszombat, but to date received only a few dozen orders for installing satellite dishes needed for the reception of the Duna TV channel. He did not think that the price of that equipment was the main reason, for—relatively speaking—quite a few of those who can afford it have been buying satellite dishes for the reception of western channels. He thought that the composition and limited time frames of Hungarian satellite programs also play a role in that potential customers are, for the time being, waiting. True, some

people who were interested in watching old Hungarian movies bought appropriate antennas; however, the majority belong to the aforementioned category, namely, to those who keep waiting until the programs will become more interesting, more varied, and longer. (Incidentally, the least expensive one of such a "double dish" antenna system can be bought for 12,800 Slovak crowns from the aforementioned firm.) Waiting as a phenomenon, as well as the difficulties in arriving at a realistic opinion index because of the small number of people who own satellite dishes, have been corroborated in Hungarian circles of both politicians and journalists in Slovakia.

**Sub-Carpathia: Expensive Entertainment**

Thanks to the CARPATHIAN TRUTH, the county daily paper, Sub-Carpathians can now tune in to Duna TV's program previews. However, still very few people can view the programs themselves. That is to say, the present writer and his colleagues have not yet met any person who was able to watch the programs of Duna TV.

One reason for this has to do with cost. People who earn the equivalent of 5 to 10 dollars a month cannot afford to pay several hundred dollars for a satellite dish. On the other hand, those few who do own satellite dishes hardly watch any of Duna TV's programs because, as the Ungvar TV crew related, the popular programs (e.g., Super Channel, RTL, Eurosport) are sent via the satellite Astra. [On the other hand,] Duna TV's programs are sent via the satellite Eutelsat II, and the dishes would have to be turned for reception by three degrees. At least a five-foot dish would be needed in the flatlands for tuning in to Duna TV. In the mountains, e.g., in the Raho district, anything smaller than a six-foot dish would be insufficient for reception.

Already at the beginning, the Cultural Federation of Sub-Carpathian Hungarians [KMKSZ] called Duna TV's attention to these difficulties. Duna TV said at that time that the station had to be started and that the need would follow and everyone would strive to create the conditions for reception. For the time being, this concept has not materialized. It should be noted that neither the Hungarian editorial office of Ungvar TV, nor the KMKSZ has the necessary equipment for reception.

Many think that the ideal solution would be to provide communities with suitable equipment instead of everyone trying to acquire their own satellite dishes. One solution would be to apply to some foundations for financial assistance. The Hungarian Cultural Service has allegedly promised to initiate a fund drive for purchasing community antennas, but Sub-Carpathian TV viewers have yet to see a single penny.

#### Transylvania: Growing Interest

Interest in tuning in to Duna TV is growing throughout Transylvania. The main reason for this is that Romanian Television's Hungarian-language programs have been greatly curtailed by the Bucharest power establishment and that reception of Radio Kossuth is not of high enough quality in some places; in Szekelyfold, for instance, reception is only possible through electronic "wave traps." Anyway, it does not matter much to Transylvanian Hungarians what is being broadcast as long as it is in Hungarian.

Lajos Molnos, Kolozsvar RMDSZ [Cluj branch of the Hungarian Democratic Union of Romania] vice president for community organizing and culture, made a statement to NEPSZABADSAG regarding the growing interest in Duna TV and the evaluation of its program:

[Molnos] The RMDSZ's various local organizations exerted great efforts in making people become familiar with the Duna TV channel. In Kolozsvar [Cluj], for instance, where private cable television firms—afraid of being banned by nationalistic local authorities—did not include this channel among their offerings, the local RMDSZ organization recorded the various programs on video cassettes which were then promulgated, and not only in Kolozsvar but also in the country.

[Tibori Szabo] What is the situation in other cities, e.g., where an RMDSZ mayor won the election?

[Molnos] We have concrete data from Gyergyoszentmiklos where Duna TV is one of the four channels offered by the cable TV network. It costs 26,000 lei (about one month's pay) to get connected to the network, and then a monthly rate of 200 lei must be paid to the private company that runs the network. Such networks are already operating in most cities of Szekelyfold.

[Tibori Szabo] What about smaller towns?

[Molnos] There, too, people are aroused because everyone wants to be able to watch Hungarian-language TV programs. A cable network has been installed in Korond, a medium-sized town, offering 12 channels; installation costs 28,000 lei, and the monthly rate is 400 lei per household. However, the satellite dish will continue to be the only possibility in smaller towns; it is rather expensive at a price of 180,000 to 200,000 lei, and not everyone can afford it.

[Tibori Szabo] What do people think of the programs?

[Molnos] There have been no complaints about the quality of reception. Reception is good throughout Transylvania. As far as the quality of programming is concerned, everyone is satisfied for the time being. The mere fact that someone speaks in Hungarian from the tube means a lot to people.

#### \* Trademark Violations in Former Yugoslavia

93BA0890A Skopje NOVA MAKEDONIJA  
in Macedonian 27 Mar 93 p 16

[Article by Sonja Kiridzievska: "Cheaper Instead of Quality"]

[Text] *Various merchants are calmly marketing Europe's "garbage"; everyone is seeking to blame the collapse of Yugoslavia for the abrupt deterioration in assortment and quality on the domestic market; because of little money, taste has been redirected toward trash and poor quality.*

The surprise of one of our fellow citizens was not pleasant at all, when he discovered that the hem of his recently purchased and expensive shirt with the BOOS [expansion unknown] trademark (210 marks) had the label of the producer, Vateks in Valandovo....

The news that the renowned fashion house BOOS will protest the misuse of its own trademark has spread among the public. The reason is clear—the jackets being sold by Trgotekstil are not BOOS's.

Malicious people say that the popular "Levi's" jeans, which can be bought everywhere in the city for only 100 marks, are pure counterfeit, whose only connection with the original is just the misused name....

Citing these few cases, which we believe are not isolated ones, can serve as a motif for raising the question of whether the Macedonian market is turning into a sort of "dumping ground" for European garbage, and how honest it is to sell a domestic consumer a pig in a poke. Furthermore, there is room to raise the question of who is obligated, in these market conditions, to take care of protecting the customer.

#### New Markets, New Tastes

Every problem has its own background, including this one. Everyone seeks to blame the collapse of the former joint Yugoslav market for the abrupt impoverishment of the domestic market in terms of assortment and quality. Until two years ago, the well-known producers from the northern areas of the former Yugoslavia had priority in the purchase of goods. At that time consumers could choose among the products of Kamensko, Mura, DTP [expansion unknown], Vesna, Jugoeksport, and Centrotekstil, which were distinguished by solid quality, style, and prices. For the selective, the borders were open, and no one was prevented from going on a shopping trip once or twice a month to Greece or Italy, and even further. All the events that happened closed the circle, however, and only domestic producers remained

available to us. At the same time, there was no sudden flourishing of private business, which, at least as was thought in the beginning, operates for the benefit of the citizens. It is not that there is no truth in this, but there is another truth, which says that spurred on by the fact of quick earnings, many people have forgotten about morality.

The assimilation of the new markets, primarily by Turkey and Bulgaria, very quickly changed the course of the market. The worn-out standard of living, in a relatively short time, redirected the taste of the masses to trash and poor quality, all in the name of cheapness. Intoxicated by the aroma of the Turkish "opium," "denim," blinded by the luxury of oriental furniture with swans, overwhelmed by the resounding names of world giants in the field of electronics, and dressed in Levi's jeans that lose their color the first time they are washed, we believed that that is how one becomes part of Europe. Who can resist being dressed and perfumed just like those in the West, with all this even being offered to him on the counters of the green markets? "Convoys" of so-called tour buses are still crawling toward the Turkish border, and goods are dragged from there in the biggest trash bags, so that one gets the impression that you are in the middle of the Kapali marketplace. Few people are bothered by the fact that the goods are only for one-time use; only the price is important. The Turkish merchants are making good use of the chance being offered them, and they are marketing second- or third-class goods in waves in front of the domestic consumers. When there is a shortage of money, no one looks at quality, and we are deliberately subjecting ourselves to deception, helpless in the face of poverty. Being well dressed, and moreover "modern," is becoming part of everyone's image. What a poor man pays for twice will not hurt him at first, however.

#### Some People Do It Differently....

Not everything is as black as it appears, however. Some private businessmen are making an effort to rise above the trash and counterfeits, and want to prove that it can be different. Here is what we were told by Erik Spasevski, owner of a store that sells the products of a well-known world firm, Beneton. The models that are sold in his shop are part of the latest collections and are the latest word in fashion. They are purchased directly from Beneton's factory in Treviso, Italy, an origin proven by a certificate. "When we became involved in this business, we had to offer guarantees that we would not ruin the reputation of the firm, which has 670 such stores throughout the world," Spasevski said. "Thus, every month a man comes and inspects everything that is displayed, and even checks the personnel. In that way, we bear the responsibility and we give a guarantee for everything that we sell. The biggest problem," Spasevski emphasized, "is that we do not allow them to give us goods that are not from the most recent production. In all their other shops that are located in East European countries, one can find goods which were produced two years ago, and which are much cheaper. The prices for

the models sold in the shop in Skopje are 50 percent cheaper than those in Greece, 30 percent lower than those in Slovenia, and the same as the Italian prices, but it is all part of adapting to the buying power of the domestic consumers."

There are also such prices adapted to the domestic customer in the shop of Forum, which specializes in sportswear, jeans, and shirts from the well-known world firm Ripley in Italy. The fact that they are originals is confirmed by the certificates that we were shown by the director of Forum in Skopje, Nikola Djorgoi, who told us that he did not dare to sell counterfeits. Those people also are expecting an inspection in May by the management of Ripley, which in that way protects itself against counterfeit goods. The prices are received in lire, and are recalculated in marks, and so jeans cost 119 marks, and shirts 99 marks, while shoes cost about 70 marks.

We also wanted to hear the opinion of Trgotekstil, which has been cited for the misuse of BOOS's name. "We were also surprised by such rumors, especially since the jackets that we sold were received as compensation from a Macedonian textile factory," said Stojan Spirovski, assistant general director of Trgotekstil. "In this case, we are only distributors, and we are not interested in the origin, but we do not doubt the quality, since at this moment there are no better jackets on the market. Until now we did not have any problems at all with counterfeit goods, especially since we cooperated with the well-known world firm Triangl and Pierre Cardin. Now we are making an effort, within the limits of our abilities, to offer what is the best, even though the market is flooded with poor-quality goods," Spirovski said. Counterfeit goods can only be detected by an expert, but nevertheless, the originals can be recognized by certain characteristics, such as the fibers, the buttons, the labels that create the image of the model. It is well-known that a considerable portion of the products sold in the city come from a private workshop in Novi Pazar, which makes original copies. The labels are not a problem either, and it is unofficially said that there is also a factory in Skopje for the production of all sorts of labels. With the brand name glued on, every copy becomes an original....

In spite of such illustrious examples, a bitter taste is left because what is being sold with a resounding name is something else. The habit of buying trash and poor quality is becoming more and more dangerous as the standard of living declines. Even more dangerous is the failure to protect consumers, since the Council of Consumers was abolished a long time ago, with the explanation that we did not need it! That is what completely suits private businessmen and various merchants of dubious origin, so that they can calmly market Europe's garbage....



**Bulgarian Church Seen Anti-Macedonian**

93BA0879C Skopje NOVA MAKEDONIJA  
in Macedonian 21 Mar 93 p 4

[Article by Branko Trickovski, NOVA MAKEDONIJA permanent correspondent: "Anti-Macedonian Positions Assumed by the Bulgarian Church"]

[Text] *The autocephalic nature of the Macedonian Orthodox Church will be recognized only after it has been recognized by the "Serbian Mother Church," Bishop Neofit told the newspaper 24 CHASA. The speaker denied his own denial.*

Sofia, 20 March

"We shall recognize the independence of the Macedonian Orthodox Church only after it has been recognized by the Serbian mother church."

With this statement, Bishop Neofit, the spokesman for the Holy Synod of the Bulgarian Orthodox Church, given to the Sofia newspaper 24 CHASA, he denied his own denial, made yesterday, of the statement by Serbian Metropolitan Irinej. In Belgrade, the Serbian bishop said that in the course of the recent talks held between the delegates of the two churches in Sofia, the Serbian church gained the support of the Bulgarian church on the issue of the Macedonian church having to return to the fold of the Serbian Patriarchy for the sake of church and orthodox unity. Yesterday the same newspaper wrote that Neofit categorically denied the Serbian claims. Today, however, the Bulgarian bishop denied his own statement and, in elaborating the issue, said that yesterday's statement was false.

"The Macedonian Church separated itself from the Serbian Church 25 years ago. Officially, however, it is still part of the diocese of the Serbian Orthodox Church," Neofit explained. He added that "no one can force the Serbian patriarchy to abandon its Macedonian wing." Steps and opposition to the Serbian views may be expected only at the Council of Orthodox Churches in Geneva.

A delegation of the Serbian Orthodox Church, headed by Amfilohie, metropolitan of Montenegro and Promorje, visited Sofia on 21 February. The Serbian bishops were granted an audience by and held a discussion with Patriarch Maksim. A joint mass was celebrated. In general, the atmosphere was cordial. Bishop Neofit then lied to the public by saying that it was a question of an official visit and that the Serbian delegation was not authorized to discuss the "fate of the Macedonian Orthodox Church." Neofit stated that "the Bulgarian side has not detected any changes in the Serbian position concerning the Macedonian Church." No explanations on the Bulgarian position on this issue were provided.

Such petty twists in communications by the spokesman for the Holy Synod of the Bulgarian Orthodox Church may both be explained either as an inconsistency or a deliberate concealment of his views and the views of the

Holy Synod. However, this is not all that important. What is significant is that the Bulgarian Church used its public relations official to formulate most clearly its view toward the Macedonian Orthodox Church. It is a matter of a totally negative attitude. The attempt at canonical justification of the Bulgarian position is obvious. Neither Bishop Neofit nor the Holy Synod are unaware of the fact that the "daughter" cannot turn into the "mother" of an older child. In this case the canons are clear.

However, this is not a problem of canons. The Holy Synod of the Bulgarian Orthodox Church, headed by Patriarch Maksim, greatly needs support in the current split within the Bulgarian Church. The people supporting Bishop Khristoger Subev cite the court's ruling according to which Maksim is not a legitimate patriarch. In the past the Serb Greek Church leaders had supported Patriarch Maksim. The same was done by Amfilohie and Irinej. The Bulgarian Patriarch forced Bishop Neofit to pay a price for this support. The man became somewhat confused but, in the final account, made himself clear. The power of the Church does not accept canons which are higher than the power itself. Patriarch Maksim and Bishop Neofit demonstrated this in the best possible manner.

**\* Albanian Representative in Macedonia Interviewed**

93BA0879D Skopje NOVA MAKEDONIJA  
in Macedonian 19 Mar 93 p 2

[Interview with Leonida Mertiri, representative of Albania in Macedonia, by Zaneta Skerlev; place and date not given: "The Most Important Thing Is Mutual Trust"]

[Text] *"I am convinced that to Albania good relations with Macedonia are of vital significance, that my country will recognize Macedonia very soon, and that our two countries, on the basis of mutual trust, will be able to develop a strong and sincere friendship and cooperation in all areas. ... There are problems but I am an optimist," Mertiri stated.*

Mr. Leonida Mertiri, the first official to represent Albania in Macedonia since it proclaimed its independence, has been in Skopje for the last month and a half. He was recently officially presented to and held talks with President Kiro Gligorov, with Stojan Andov, and with Prime Minister Branko Crvenkovski. For the time being, Mertiri is the only member of the Albanian mission in Skopje which is located on the 11th floor of one of the towers of the city wall, not far from the Zelenoto market. However, the arrival of some 10 other Albanian officials is expected soon. They will complete the mission's staff and occupy suitable premises.

Leonida Mertiri is a 46-year-old diplomat and a graduate in Albanian language and literature, and the law, with 11 years of experience in the Albanian Ministry of Foreign Affairs. He has further specialized in the republics of the

former Yugoslavia and spent three years as special adviser to the Albanian embassy in Belgrade. The impression gained after a discussion with him is that he is an open and communicative person, with moderate political views and a readiness to resolve all issues through dialogue.

[Skerlev] Mr. Mertiri, you arrived in Skopje recently. What will be the function of your mission in Macedonia?

[Mertiri] The plans of the mission are to fill personnel vacancies in several areas we believe to be of mutual interest, above all in the economy but also in political relations, culture, cooperation in the area of information, and technical projects related to issuing visas, permits, and providing legal and all other aid to Albanian citizens in Macedonia. We are very interested in establishing proper official communications with your country and it is possible for this mission to become a consulate. For the time being, because of limited financial possibilities, it will keep its present status.

[Skerlev] We are familiar with the nature of recent relations between our two countries. Because of its self-isolation, Albania could not establish proper communications either with us or the other neighboring countries. What is your view on the development of bilateral Albanian-Macedonian relations?

[Mertiri] We can freely say that we have started to build new relations on a new basis. The democracy and pluralism which exist in Albania today enabled the people to move freely and freely to express their thoughts, and their religion and, naturally, their political preferences. One of the most important among them is to have good relations with Macedonia. I think or, rather, I am convinced that good relations with Macedonia are of vital significance to Albania and that this has been made evident by the policy of our government.

[Skerlev] However, Albania still has not recognized Macedonia....

[Mertiri] That is accurate. However, I believe that this will come very soon, for Albania needs a recognized and independent Macedonia and there should be no doubt about it. We are extremely interested in having firm and friendly relations with Macedonia and for the borders to be totally open, and in free contacts among people and ideas. We would like to establish a good and sincere friendship.

[Skerlev] Do you agree that such trust should be built through the efforts made by both countries....

[Mertiri] Absolutely! The situation in our country is such that you can come to Albania whenever you wish and go wherever you wish and talk to the people and you would have no problems whatsoever. The people in our area have lived together for centuries although being of different origins.... Take as an example my place of birth, Tepelena. Half of the people are Orthodox and half are

Muslim but they have always lived well together and in harmony. You are free to come and see for yourself!

[Skerlev] Thank you for the invitation, but my question was in the sense that it is precisely such a trust that could have been displayed most effectively with the recognition of Macedonia by its neighbor to which it is also linked through the big Albanian minority living in Macedonia.

[Mertiri] I can assure you that this will happen very soon! We have begun to organize cooperation in the area of culture and, subsequent to the meeting between our respective ministries, new border crossings were opened between our two countries. Plans are being drawn up and contacts are being made to promote economic cooperation. Therefore, the question of the recognition of Macedonia by Albania will be the logical consequence of all such contacts.

[Skerlev] Both countries have minorities which should be the strongest link between Albania and Macedonia. What is the status of the Macedonian minority in Albania?

[Mertiri] Our constitution will be completed shortly and on its basis all Albanian citizens will have guaranteed rights of freedom, education, and so on, including the Macedonian minority living in Albania. However, the same rights should be granted to the Albanians in Macedonia, for they are not a minority but, judging by their number, a nation which should have all the rights enjoyed by the Macedonians. For the time being, such is not the case: their presence in state authorities, the Army, and the police is not consistent with their number. Why are there no Albanians in the university and why are there so few Albanian university students? There are no sufficient numbers of Albanians in the police, and I intend to discuss this matter with Frckovski....

[Skerlev] However, the presence of an ethnic group "based on a key" is something inconsistent with a contemporary society that has taken the path of market management. You must agree that priority must be given to the capabilities and qualifications of the individual....

[Mertiri] I agree, but there should be no discrimination whatsoever and no one should be rejected only because he is Albanian. Let me describe to you the way we do it. Recently, President Berisha met with students attending Tirana University and asked them what were their views on minority rights. I can tell you that virtually all of their suggestions were in the sense that minorities must enjoy equal rights. This also met with the agreement of representatives in parliament. This means that this is being accomplished on a basis of a very democratic manner. We have a proper number of Macedonians working in our state agencies, and we shall make efforts to maintain this situation and to improve within the shortest possible time the situation concerning Macedonian schools and all other cultural institutions in Albania.



[Skerlev] During your stay in Macedonia, so far, have you established contacts with our political parties?

[Mertiri] I met with the leaders of the PDP [Democratic Prosperity Party] and with a substantial number of Albanian intellectuals, and I can sincerely tell you that my impression was that all of them without exception favor the recognition of Macedonia and the development of Macedonia as a strong, powerful, and stable country. There should be no doubt as to this. What all of us must do together is to cooperate, talk, and persuade one another. I realize that there are problems and different views on issues. I realize also that all problems cannot be resolved immediately. However, we have only begun to build our relations. This is the most important thing, and I would say that the key to it is mutual trust. We are now at the beginning of developing such a trust and such relation that I conceive of becoming sincere, strong, and friendly. I can tell you that I will do everything I can to make a small contribution to our relations to become

precisely such. Actually, I am an optimist and I know that in the future our two countries will keep open doors for one another, for both being neighbors and through our populations, fate has brought us together. I can assure you that such will be the case, you will see....

[Skerlev] Mr. Mertiri, thank you for this conversation.

[Mertiri] It is I who thank you and, in conclusion, let me say that the role which you, journalists play, and with whom I would very much like to discuss, is important in establishing good and sincere relations between our two countries. Communications and information are vital. Come to Albania and let our journalists come to Macedonia and if their work is done on a professional and open basis, problems and misunderstandings will be resolved soon. We expect and want to become better acquainted, and the role of information, naturally when it is true and objective, is decisive.

**\* Filip Dimitrov on SDS Future, Colleagues**  
*93BA0869A Sofia OTECHESTVEN VESTNIK*  
*in Bulgarian 11 Mar 93 pp 1-2*

[Interview with Filip Dimitrov by Eleonora Vladimirova; place and date not given: "My Personal Concern is the 'Immorality' of my Soul...."]

[Text] [Vladimirova] You are about to be discussed in RAZVIGOR. Meanwhile, you are seeking support for your line at the conference on Saturday.

[Dimitrov] I have no intention whatsoever of playing the role of someone whose hands are tied, who is virtually unable to assume responsibility for what he is doing. I still think that I have no right to abandon my fellow workers or, respectively, the organization, simply because someone has decided to demand my resignation. On the other hand, it is not proper for me to remain guided exclusively by the idea that only few people are only against me. There are democratic procedures in which I believe: I do not claim that they are the most effective but, nothing better has been invented so far, for which reason I observe them. I naturally also observe the rules of honor.

[Vladimirova] Since the conference does not have the right to promote or demote, it seems as though it is truly a question of honor. However, the line separating ambition from egotism is quite fine.

[Dimitrov] The problem is that while imposing one's will on those around us we must remain within the framework defined by tradition and good manners. If we exceed them, we reach the point of tyranny and absolutism that, obviously, are inadmissible. I know that somehow I am popular among the people who are ready to vote for the SDS [Union of Democratic Forces]. However, they will be voting not for me but for a clearly defined organization. The stipulation that "we like it, and therefore let us ignore me but say that I like Ivan while Ivan is friendly with Stoyan and Petkan, who have other views, for which reason they are leading the organization in a different or even in the opposite direction should not influence us" is a faulty concept. In my opinion, as the leader of the SDS, it is less important for me to remain in this position than for things to be clear. I know, when I assume responsibility, what I can do. In any other case I would be an ordinary member and obey democratically made decisions and promote the cause to the best of my efforts. Or else, conversely, if I see that this is no longer my cause, I would withdraw.

[Vladimirova] This sounds dignified, but practical experience indicates something else. We saw how lasting were the decisions made at the September conference.

[Dimitrov] Naturally, I must accept the decisions of any authorized body. Anything else is arbitrariness. However, I prefer to know what the people around the country feel. It is thus that I can make more realistic decisions concerning my own future status.

[Vladimirova] Why do our politicians find it so difficult to give up the power? I compare, for example, the smile of John Major, when he had to leave Downing Street, to an answer by Pushkarov, "I shall look back in anger!"

[Dimitrov] It is indeed very difficult for a person to abandon politics. In taking up politics, one should be guided by the idea of doing something worthy, of contributing to a certain cause, i.e., the fact that what you consider to be right is also considered right by many other people. In our country such has not always been the case when entering politics. However, we are not speaking of the black sheep that are found in any herd but of those who believe that they are conscientiously doing their work. They cannot accurately surmount this narcissistic complex by thinking that whatever they are doing is good for everyone. For that reason, to a certain extent, I am prepared to understand people who promote a split in a structure. The logic they follow is the following: Should I leave it intact in those other hands? This calls for an assessment, both regarding the basis for their reasoning, and feeling. For example: the break between Dertliev and Simeonov was being mentioned as early as in May. However, I let it go until the vote in July, when Milan Drenchev revised his position. The fact that he revised it yet once again subsequently is a different matter. As to Pushkarov, he has the right to "look back in anger." However, generally speaking, anger does not help. It is much better when there is nothing you would like to keep and, therefore, you have nothing to lose. One could then afford the luxury of being consistent.

[Vladimirova] What will be your reaction to the increasingly popular view that it is difficult for our politicians to give up the power, for power is sweet?

[Dimitrov] What makes it sweet?

[Vladimirova] I do not know, it is you who paced the corridors of power....

[Dimitrov] I have not as yet recapitulated everything but I would not be surprised if the balance turns out to be negative. In order not to appear ridiculous, let me add that under normal circumstances in itself power definitely creates pleasant sensations. However, we were in power during a very difficult period.

[Vladimirova] You seem excessively calm and even self-confident. Do you not accept even a one-percent possibility that you may land in RAZVIGOR?

[Dimitrov] I accept a possibility of more than one percent. There indeed are ways for someone to be crushed and, let me admit, that for quite a while I kept wondering whether I would eventually be looking at some paper bearing my signature. I do not know what precise means they have at their disposal to create forgeries, but in the reality in which we live the results would be effective. Try and prove that you are not a camel! The fact is, however, that so far no one has been able to produce a text and a signature purported to be mine. God willing, I hope that I am right, but had the

possibility of mounting such an operation existed I believe that it would have already been mounted and launched, for with time talk wears out, and this becomes the case even when one former chief of the Secret Services is able to produce something in writing.

[Vladimirova] Do you have the feeling that official life, particularly on the higher levels, can seal a person and separate him from the life of the ordinary Bulgarians? How did the principle of transparency disappear?

[Dimitrov] I do not have a feeling of being sealed up. Furthermore, nowhere in the world are political events 100 percent visible, especially in the case of intrigues or secret conspiracies. The fact that in our country such things are more than would appear normal is due to the time in which we live. Here is an example: the tip of an iceberg would appear: Akhmet Dogan is having a cup of coffee with Todor Zhivkov, and we immediately start guessing at what there is under the iceberg. Such things occur in politics! The fact that for quite some time some media were able to create a parallel reality in which life appeared tremendously tempestuous although it was relatively calm, or vice versa, is something else. Particularly today.

[Vladimirova] Some media indeed mounted a huge campaign against you. However, I do not think that journalists were its exclusive authors. Here is an example: the appearance of Mrs. Kruleva on the "SUNDAY 150," program, where an experienced colleague such as Miko Petrov was forced, on two occasions, to admit that an "enigmatic discussion" was taking place in the studio.

[Dimitrov] It was not enigmatic but quite familiar. This was the latest effort to prove that my government consisted of monsters, for only in that case its fall would have become a patriotic act, and only if it were a patriotic act would some people be able to walk the streets once again.

[Vladimirova] It is now you who are hinting at RAZ-VIGOR.

[Dimitrov] This is very clear and to this effect neither money nor other assets will be spared mentioning. Actually, I said this as early as January in your paper. I brush the dirt aside, such as psychiatry, homosexuality, and secret service, but stop at documents. One way or another, such documents must be produced, or at least witnesses should testify. This explains Mrs. Kruleva's story. It is precisely her service that should collect witness testimony, and since no records were kept of what the chief of the National Investigation Service was discussed with the prime minister, all kinds of fabrications are possible. We have some experience in this respect. The facts cited by Brigo Asparukhov were far from the truth, especially the part about Macedonia. This was bad and stupid, and lacked any kind of serious proof. This was followed by apologies and denials. However, the Bulgarian Parliament was able to reach the wise decision that if there is no crime some guilt should

at least be found. Therefore, nothing prevents the court from taking up this matter should it decide to act in a communist style.

As to the campaign in the press: it is obvious that the elaboration of the topic of psychiatry, for example, had been planned. The services and the individuals interested in this matter know very well that I have never concealed my work in psychiatry, and that this is something important to me. However, I believe that a great deal of information included in the attack was contributed by the intrigue-makers within the SDS [Union of Democratic Forces] along with other insanities.

[Vladimirova] Why precisely did Stoyan Ganev become their spokesman?

[Dimitrov] I do not wish to comment on this. The impression of many of my colleagues is, obviously, that unity within the SDS can be strengthened and your question may be interpreted as implying a possibility of conflicts that could be covered up. This may also be a manifestation of democratic trends, and the wish to put an end to the excessive support of or excessive trust in an individual. What matters to me the most is what the positions of the SDS will be and the way it will be able to uphold them before and after the elections.

[Vladimirova] It is obvious that you do not wish to discuss Stoyan Ganev. Will you also distance yourself from your accused colleague Nikolay Danev, whose name, as it later became clear, was included in the "yellow envelope?"

[Dimitrov] No, because this is the latest attempt at hitting someone close to me, and because I know that politics involves risk. In politics one can always promote anything. I am disgusted by the possibility that someone would take a hit aimed at me.

[Vladimirova] The general impression is that you would rather not answer the attacks, but this is a blade with two sharp edges. It is something like the English story of the lord and his overcoat: did he steal the overcoat, or was his overcoat stolen, it does not matter. What matters is that something happened involving a lord and an overcoat. Do you not underestimate the way this looks to other people?

[Dimitrov] Whether one responds to attacks or not the effect is the same: same as the case of the lord with his overcoat. As to the people, if they find me unsuitable as a leader or as a prime minister, this is not very important if I am a decent person. Therefore, my personal concern is the "immorality" of my soul.

[Vladimirova] Against the background of such lofty views, what do you estimate the percentage of the SDS in some new elections?

[Dimitrov] If the SDS were to remain in its present form or assume a similar aspect and fails to undergo a clear change, I believe that about 35 percent will vote according to the dictates of their heart. However, it also

is very important how many people will vote according to their reason. In other words, these will be people who will say the following: we have had enough of those SDS people. They are like the others but they do give the land back, they cope with inflation and, in general, they provide benefits. However, if the SDS were to experience substantial shocks, the chance that the voters would part with it is substantial. However, what I have observed in the course of my meetings around the country indicates that the people have quite an accurate idea as to who is who in the SDS.

[Vladimirova] On Radio Free Europe, you accused Dr. Trenchev, Ludzhev, and Michkovski, not only for actively working against the SDS but also for opposing certain principles on which the idea of democracy is based. This was a rather harsh accusation.

[Dimitrov] Let me set aside the fact that these people greatly resemble each other, for which reason they have become so closely united. I must admit, however, that last year, while Trenchev was bitterly opposing the inclusion of Ludzhev in the list, I naively believed that these two would never get together. I oppose the view that the presence of Ludzhev in parliament is the alpha and omega of all problems. We had problems without him as well, he merely acted as a catalyst for some of them. As far as Trenchev is concerned, as chairman of the SDS, I had the privilege of being more frequently harassed by him compared to others, so that my fight against the leader of "Podkrepa" is of very long duration. I claim that the principles motivating these people are anti-democratic, for they believe that power can be exercised with forces outside the proper institutions. To me it is not all that important whether this place will be the home of some "don," a trade union center controlled by another such "don", or the bright office of the president of some company. I simply reject the concept that power can be exercised outside legitimately elected institutions. As to the rest, whether it will be concentrated within something resembling an institution, such as the central committee of a party, or a trade union center, which tries to stick its fingers in various pies, that would be the consequences of such a lack of democracy. Another consequence is the money that such people can draw both legally and not all that legally.

[Vladimirova] I have read that a price of \$500,000 was offered for your head. Do you have any idea what this price means and who would pay it?

[Dimitrov] I have no idea, but such things usually become clear after the fact. My head, however, cannot be the reason for me to be scared every single day. I have sacrificed my head from the very beginning and, so to say, I have surmounted that state. At that time this seemed very frightening, and we were almost sure that we would collapse on the third month. For a while they left us in peace, after which whatever we expected to happen began happening. In the final account, politicians are being shot at throughout the world, rarely in the interest of the truth. More frequently, attempts are made

to discredit and defame them. Whether it is a bullet, a slander, or something else that would hit you, all obeys the will of God. There also is a professional risk. I have assumed it and I do not think very much about it.

**\* Father Subev Comments on Political Scene**

93BA0872B Sofia DEMOKRATSIYA in Bulgarian  
10 Mar 93 p 5

[Interview with Khristofor Subev, bishop of Makariopol and chairman of the Salvation Christian Union within the Union of Democratic Forces, SDS, by Sonya Stoyanova; place and date not given: "A Politician Must Be Mild in His Statements and Firm in His Actions...."]

[Text] [Stoyanova] Father Khristofor, what are your hopes for the immediate future? What will happen at the SDS national conference?

[Khristofor] I believe that the SDS will take a firm anti-communist stance. It will define its future strategy and tactics. Furthermore, there will be a personnel purge. I believe that the SDS must carry out the task for which it was created: to complete the total decommunizing of society and of the Bulgarian Orthodox Church.

[Stoyanova] Are you in favor of cadre changes in the SDS leadership?

[Khristofor] In my view, we should consider several options. One is the present state of the leadership. The other is to establish a triumvirate of SDS co-chairmen.

[Stoyanova] Would you comment on the fact that the Salvation KhS [Christian Union] is a nonpolitical organization that should reassess its participation in the SDS?

[Khristofor] You know, when the SDS was being established, the Salvation KhS was a small organization and did not bother anyone. Currently it has organizations throughout the country. Some "backbone" parties are realizing that they must take the Salvation KhS into consideration. Furthermore, I would like to say that my organization has its own political club as well.

[Stoyanova] Are there opportunists within the SDS?

[Khristofor] Look, even among the 12 Apostles of Jesus Christ there was a traitor. What can we say about an organization which was not created by God but by simple people....

[Stoyanova] I saw you at the Ekoglasnost meeting, at which the resignation of Zhelyu Zhelev was demanded. In your view, is he a traitor?

[Khristofor] I believe that they had the right to demand his resignation, for Mr. Zhelev did not justify the trust of a great many people. For quite some time, our organization has joined in the Ekoglasnost demand that the president resign. I have no quarrel with Zhelyu Zhelev. However, here it is a question of failed hopes, of a

political line, and of the compromises he makes that have overstepped all bounds. I would recommend to anyone to be meek in his statements and firm in his actions.

[Stoyanova] Who brought the Filip Dimitrov government down?

[Khristofor] I support the line set by Filip Dimitrov and find that, particularly of late, he has been well-oriented. His government was brought down by the BSP [Bulgarian Socialist Party], the DPS [Movement for Rights and Freedoms], and some SDS dropouts who, actually, are no longer part of the coalition.

[Stoyanova] How far has your struggle for a pure Bulgarian church gone?

[Khristofor] Some people tried to depict me in a negative light. Quite the opposite, I want to be the unifier of the church. However, this must be a church that will be cleansed, that will be organized on a new basis, and decommunized. The church must be headed by new people who did not serve communism. They must be people who will return to the old calendar that was changed by the communists, people who will be firm when it comes to interfering in church affairs. For example, the World Council of Churches was giving money to the revolutionary African movements, and I have documents to this effect, provided by the Ministry of Foreign Affairs. Yet Maksim and his people, as well as the "synod" that was worked precisely to that purpose.

[Stoyanova] What is the main objective of your organization within the SDS?

[Khristofor] My purpose is the adoption of a firm position. Let me say as an example that the Salvation Khs does not include a single former communist.

[Stoyanova] Who is the "new" personality that the SDS will appoint as its leader, according to what some SDS politicians have mentioned?

[Khristofor] I promise you that I am about to go now to see Zhoro Markov and ask him what he meant when he said this.

#### \* National Assembly Deputies' Travel Criticized

93BA0872D Sofia DUMA in Bulgarian 6 Mar 93 p 8

[Report by DUMA Press: "Mrs. Botusharova Is Parliamentary Traveler Number One for 1992"]

[Text] SDS [Union of Democratic Forces] deputies have participated in 60 percent of assignments abroad.

Between 1 January and 4 December 1992, 84 national representatives and 35 staff members in the National Assembly took part in 262 trips abroad and were out of the country a total of 1,997 days.

Sixty percent of all assignments went to SDS deputies; 26 percent of them went to the PSSD [Party of Free Social

Democrats] and 14 percent to the DPS [Movement for Rights and Freedoms]. On an average, a national representative spent 5.6 days abroad. However, whereas the PSSD national representative averaged 3.9 days, the SDS members averaged seven and the DPS, eight days. According to noted travelers who wished to remain anonymous, by virtue of nonparticipation in the parliamentary leadership and in the various commissions, the PSSD deputies lost not only their wages but also the possibility of traveling to neighboring and distant countries.

The larger number of assignments abroad allowed to some national representatives, such as Asparukh Panov, Yunal Lyutfi, Ivan Genov, Filip Bokov, and Luchezar Toshev had to do with their work in the agencies and units of the Council of Europe, the European Parliament, the Conference on Security and Cooperation in Europe, and so on. Topping the two lists of travelers (10 each) and days spent abroad (a total of 67) is Deputy Chairman Snezhana Botusharova. She has visited Italy (four times), Austria (only twice), Turkey, Greece, Poland, and the United States. Luchezar Toshev and Yunal Lyutfi have taken nine trips each, totaling 54 days. They have gone to France on five occasions and so has Ivan Genov. However, all three are behind Asparukh Panov, who visited Paris seven times. The facts notwithstanding, it is only Vasil Gotsev and Andrey Nedyalkov, the National Assembly chairman, who have had the honor to represent us at the International Assembly of French-Speaking Deputies in Brussels.

In the course of 44 days Aleksandur Dzherov took nine trips: he went four times to Italy and twice to Germany, France, Turkey, and Austria. In two of those trips he was assisted by the lady secretary of the Legislative Commission. Despite a tremendous work pressure, Stefan Savov managed nine trips totaling 42 days. In connection with electoral work, he visited the United States and, without any such need, also visited Germany (twice), France, Spain, Greece, Great Britain, Austria, and Hungary.

France was the preferred country to the Bulgarian deputies; 43 trips, nearly all of them related to meetings of the PASE [expansion unknown] included France. This was followed by Germany, with 25 trips, the United States and Switzerland, 16 each, Belgium, 15, and so on. Some sort of Russian Federation was visited for a full year by two national representatives. Only two deputies from the BSP [Bulgarian Socialist Party] went to Germany out of a total of 21 trips; one socialist visited Italy but not a single one (who washes his dirty laundry in Europe?) visited Austria.

All in all, the host countries paid for 52 trips; however, for 32 of them the national representatives were paid 30 percent of their per diem expenses. For another 62 trips the National Assembly paid per diem only; 70 assignments abroad were paid entirely out of its budget. A curious case is the trip, paid for by the parliament, taken by SDS national representatives Yordan Kutsarov and Plamen Yovchev, who visited Greece on 26 and 27



March 1992, accompanying a group of fraternal American experts members of the U.S. Congress, for the sake of holding meetings and discussions with companies in Salonika and Larissa. As assigned by the National Assembly, Rumen Urumov (SDS) attended the 15th congress of the Federation of Liberal and Reformist Parties in Copenhagen. With his per diem and hotel expenses paid by the National Security Service, Stefan Savov visited Munich from 26 to 28 June 1992, attending the Christian Social Union Congress. From 23 to 28 February, Rumen Bikov discussed matters with the French branch of "Physicians Without Frontiers;" in July Luchezar Toshev visited Munich to attend a meeting of the Seven and delivered a lecture on the condition of the Bulgarian electric power industry; Velislava Gyurova (SDS) dedicated an entire week in spring to the study of legislative procedures of the Swedish Parliament in Stockholm.

The above data do not include travels assigned by other state or public authorities and organizations.

**\* Pre-War Legion Veteran Revives Organization**

93BA0872C Sofia 168 CHASA in Bulgarian 9 Mar 93  
p 20

[Interview with Marin Slavov by Maksim Ivanov; place and date not given: "The Restored Legions Are Relying on Petrushev's Sword"]

[Text] *Marin Slavov predicts that in a few months the organization will become a stable political force.*

Marin Slavov became a member of the Legion in 1937. In 1945 he tried to restore the organization and was sentenced to 12 years in jail. He was released in 1956. He spent a few years as a state employee, breeding hogs at the auxiliary farm of the Lead and Zinc Plant. Currently, the 70-year-old leader of the legionnaires is a janitor at the former party house in Kurdzhali, now leased to several companies.

[Ivanov] Mr. Slavov, why did you decide to revive the Union of Bulgarian National Legions?

[Slavov] The Legion was our youth. At that time our dream was to unite the country once and for all and bring together our brothers in Thrace, Macedonia, and Dobrudzha, who had remained outside the homeland in accordance with the Treaty of Neuilly. Bolshevism was our number one enemy. We tried to obstruct the communists wherever we could and as best we could. The idea of the struggle against them has always been in our hearts. After November 1990, together with several friends in Kurdzhali we decided to restore the Legion, with a new image, naturally.

[Ivanov] Is there any difference between the old and the present Legion?

[Slavov] The difference is a period of more than 45 years. Those were different times with different slogans.

We ourselves have changed a great deal. Today we have no territorial claims whatsoever. However, we cannot remain indifferent to occurrences which have made us ashamed of saying that we are Bulgarians.

[Ivanov] Why are you reviving the union precisely in Kurdzhali, a city populated by both Bulgarians and Turks?

[Slavov] We shall struggle for the good of the nation without any ethnic hatred toward anyone. The Turks have no reason to fear, although I have heard it said that since we have restored the Legion, they will organize the "Gray Wolves" in the city.

The truth is that after the DPS [Movement for Rights and Freedoms] reached an agreement with the communists, some of the leaders of the movement in the city began to issue more militant statements, and replaced some people. I see the solution of the issue in new elections for which we should not be in a hurry. It is then that the people will put the DPS in its proper place. Until then we shall create and strengthen the structures of the Legion and disseminate our ideas and our program.

[Ivanov] How many members does the organization have?

[Slavov] We have supporters throughout the country. We issued invitations to all of them to attend the meeting on 20 February. However, no one was able to come because of the influenza. That is why the founders were only from Kurdzhali. Thirty people have submitted petitions to join the Legion. We are about to register in Sofia.

In a few months we shall be a stable political force. We shall have many followers. All those who trusted the Fatherland Labor Party and voted with the red ballot will come to us.

[Ivanov] How will you support yourselves?

[Slavov] We are not among the privileged. We shall rely on membership dues. All of us work for free.

[Ivanov] Was Ivan Dochev aware of the constituent meeting?

[Slavov] No, I did not talk to him before it.

[Ivanov] Which parties and movements do you consider to be closest to yours?

[Slavov] Generally speaking, all those whose struggle is aimed at the definitive victory over communism and bolshevism. Furthermore, we consider that the Bulgarian Democratic Forum is ours. We shall seek to establish ties with the United Agrarian Union and, particularly, with the business bloc and with Zhorzh Ganchev. He could help us a great deal.

[Ivanov] Is the Legion a fascist organization?



[Slavov] There has never been fascism in Bulgaria. One could speak only of left-wing or right-wing dictatorship on the upper levels.

[Ivanov] Is there any similarity between national socialism and the Legion?

[Slavov] The Legion was born before national socialism and it is impossible for us to have borrowed from their ideology. What is more likely is that they borrowed a few things from us.

[Ivanov] Will you revive the old symbols of the union?

[Slavov] Our seal will include our crossed arrow. We also had an anthem entitled "We Are Young Legionnaires," but I do not remember all of it. However, we shall revive it.

[Ivanov] Do you consider yourself the leader of the Legion?

[Slavov] I was elected interim chairman until we hold a national congress in Sofia. It is there that we shall choose our main chairman.

#### \* Statistics on Murder Analyzed

93BA0872A Sofia POGLED in Bulgarian 15 Mar 93  
p 5

[Report by Petur Khadzhilalov: "Murders According to Statistics and Beyond Statistics"]

[Text] *Hardly a day goes by without the radio, the television, or the press reporting a murder. Naturally, this creates the conviction that a great deal of blood is being spilled all around us, and that the deliberate killing of people has already become a major part of crime. Is this what is truly happening?*

Yes and no. First, why not? Because in 1992 the MVR [Ministry of Internal Affairs] recorded 464 murders (cases in which the victim died) and 384 attempted murders or, all in all, 848 such acts. This figure, compared to the 224,196 crimes committed that same year does not exceed 0.4 of one percent.

And now, why yes? The number of murders in terms of the country's population indicates that last year 10 such grave crimes committed per 100,000 Bulgarian citizens. For comparison's sake, in 1990, 24,875 murders or attempted murders were recorded in the former Soviet Union (about which there is hardly any doubts about the catastrophic dimensions assumed by crime), or 8.6 attempts per 100,000 people; in the Russian Federation in particular, the respective figures were 15,566 and 10.5.

**Premeditated Murders  
(Recorded by the MVR)  
[Figures Are Approximate]**

1983	1984	1985	1986	1987	1988	1989	1990	1991	1992
160	160	175	175	140	190	175	225	375	455

This table illustrates changes in the number of murders committed during the individual years. This is a rather eloquent picture, although it requires an important clarification.

Until 1990, a recorded crime meant that a preliminary investigation had established that a crime had been committed. In 1991, the MVR converted to a new information base: notification data. Now such notification material is treated as a recorded crime. A brief preliminary investigation (much more superficial compared to a thoroughly conducted investigation) suffices to confirm that a crime has been attempted.

For that reason, quite naturally, compared to 1990, the number of recorded crimes in 1991 showed a substantial increase. Recorded murders were no exception: they now include certain more complex cases of self-wounding and poisoning, accidents with weapons, suicides, and other events in which the absence of criminal intent can be categorically confirmed only after a more thorough investigation.

Nonetheless, the table very clearly indicates that over the past three years there has been a very real and clearly

manifested growing trend: a quite accurate comparison between 1990 and 1989 indicates a 27-percent growth; another accurate comparison between 1992 and 1991 indicates another 21-percent increase.

Therefore, we can clearly say that the number of murders in our country is substantial and, regrettably, increasing at an alarming rate.

The question immediately arises: what sort of people can make an attempt on human life?

No comprehensive answer to this question is possible, although murder is a crime most frequently detected; in 1992 about four-fifths of all those who committed such grave acts were identified. The data cited below applies to them.

Therefore, we are dealing with 703 individuals. Overwhelmingly, they are males (95 percent), most of them in the 18 to 49 age group. This accounts for three-quarters of them. Regrettably, in recent years there has been a certain lowering of the age. People in the 18 to 30 age group are becoming increasingly active. Bulgarians predominate (slightly over one-half), followed by Gypsies

(30 percent) and Turks (7 percent). Seven citizens of foreign countries have been identified as having committed murders, while six other have been charged with attempted murder. This breakdown unquestionably indicates proves the criminal activities of our compatriots in the Gypsy ethnic group (accounting for about six to seven percent of all Bulgarian citizens) are very high.

Most of the murderers are poorly educated. Nearly half of them have completed or not even completed their primary education; another 40 percent have incomplete basic training.

Nearly 40 percent of the murderers have had previous encounters with the penal justice system.

Statistical data cannot provide an answer to the exceptionally important question of what would turn a human being into the type of beast that would kill someone. Here we are helped by criminological research data.

The answer is very trivial: the main culprit, the main factor in such bloody events is alcohol. It is precisely alcohol that has played the main motivating role in about 50 percent of the murders. Furthermore, in four-fifths of all premeditated murders, the action is directly linked to the state of drunkenness of the perpetrator or the victim and, quite frequently, of both. It is an eloquent fact that 15 percent of all murders occur in drinking establishments or in their immediate vicinity. On the other hand, more than one-half of such attempts occur between 1800 hours and midnight, which is precisely when people drink the most. Furthermore, a substantial part of them (about 12 percent) tragically occur during various national or religious holidays, weddings, engagements, saint's name days, etc.—all of them involving a heavy alcohol consumption.

About 60 percent of the murders are strictly domestic affairs: the criminal and the victim are either married, related, neighbors, or friends (including love affairs). More than 40 percent are usually preceded by a serious worsening of relations between the perpetrator and the victim; in most cases, such conflicts last over a year.

Typically, murders are typically committed with various types of knives—kitchen, tourist, or, frequently, home-made. Most of one-half of all crimes are committed precisely with such weapons, ordinarily carried by the perpetrator on his person absolutely without any purpose. Another typical method is hitting someone with a blunt object, such as a rock, a stick (about 15 percent of all murders) or a cutting tool, such as a shovel, a hoe, or an ax (about 10 percent). The rest involve a great variety of other means such as strangulation, fisticuffs, kicks, firearms, poison, and so on. They do not exceed one-fifth of all murders.

Men predominate among the victims as well, but not so emphatically as among the perpetrators. The ratio between men and women casualties is 4:1. Again, as in the case of the perpetrators, most frequently the victims are aged between 18 and 49—accounting for approximately 70 percent of the total.

Such is the overall characterization of the Bulgarian variant of premeditated murders. This enables us to issue a very categorical criminological prescription: inasmuch as you can, watch out in the evenings and after a drinking bout not to start a quarrel with a drunk and angry uneducated person who, for whatever reason, has something against you and is in the habit of carrying a knife. This is not difficult and is very effective: by following this rule you substantially reduce the chance of turning into a sad statistical figure of crime and its victims.

**Mayor of Drnis Urges Return of Exiles***93BA0934B Zagreb VJESNIK in Serbo-Croatian  
1 Apr 93 p 6*

[Interview with Josko Odak, president of Drnis Opstina, by Jadranka Klisovic; date and place not given: "Exiles Are Returning"]

[Text] On the Drnis front, which extends some 70 km, Serb rebels are on the attack, especially against the seven towns in the Miljeve area. Why have attacks on free Drnis territory become more frequent? What is life like in that area and how is reconstruction going? We spoke about this and other subjects with Josko Odak, the president of Drnis Opstina, the seat of which was moved to Unesic after the occupation of Drnis.

"The enemy shells us almost every day, and they are trying to capture individual parts of our territory with infantry breaches," says Josko Odak. "Most frequently attacked are the areas of Miljeve, Bogatic, Kljake, Mirlovic Polje, Sedromic, and parts of Petrovo Polje. Military positions are attacked, but so are civilian structures. A few days ago there was heavy fighting around Zitnic and Mosec. The Croatian Armed Forces had to respond to the attack because their positions were directly threatened. According to reports from 'Serb Radio Knin,' three Chetniks died in that fighting, and since their numerical indications of human losses must be multiplied by two or three, it is clear that this time as well the enemy suffered a strong blow and did not succeed in shifting the line of the front. The Chetniks are doing everything they can to provoke us in order to show the world that we are for war, not for peace.

[Klisovic] What exactly is the goal of the enemy in the Drnis region?

[Odak] They say that Miljeve is territory that we occupied and that they must get it back. However, after their defeat in the Zadar hinterland, they are trying to occupy any part of the territory under the control of the Croatian Armed Forces in order to influence their shaken morale.

[Klisovic] Your former Serb neighbors are in certain "services" in Drnis?

[Odak] That is correct. The "mayor," the "president" of the "Executive Council," and people in other "services" include former employees of the Drnis government and police. Drnis is in a state of total anarchy. This has been confirmed by UNPROFOR [UN Protection Force] representatives. The food supply situation is bad, and electricity is available two or three hours a day. There is no water; the Chetniks have at their disposal a small spring of drinking water at Promina. Two bigger springs, at Cikola, near Cavoglav, and at Mirlovic Polje, are under the control of the Croatian Armed Forces. All the Chetnik attacks on these springs have been repulsed.

[Klisovic] Around 18,000 people have been forced out of the Drnis area and are being cared for temporarily at

hotels from Sibenik to Makarska. What is life like today in free Drnis territory, and what all is being done to get the rebuilding of what has been destroyed under way as soon as possible?

[Odak] Thus far, around 800 people have returned to Miljeve, which is a region that is almost daily targeted by Chetnik artillery from nearby fortifications in the wide Promina area. All of the physically fit population has returned to the rest of the region.

Under the new structure, former Drnis Opstina has been divided into four opstinas—Oklaj, Unesic, Ruzic, and Drnis (which has also acquired the status of city). Today, all opstina institutions are functioning quite normally, as if there were no war. The Office for Reconstruction and expert teams have drawn up some projects, especially for the Miljeve area, part of Zagora, and Mirlovic Polje. Thus far, we have also received two donations from Belgium, whose expert teams have visited us twice.

We expect major shipments of aid in the form of building materials before long. Trucks with food and other supplies arrive here frequently. Recently we even received sets of bricklaying and carpentry tools. We will prepare a program for construction. Part of the population will have a labor obligation.

[Klisovic] What area has suffered the most?

[Odak] The Miljeve area has been hardest hit. Some of the damaged structures there will be repaired with the help of humanitarian organizations. Otherwise, in Unesic, which became the opstina seat after the occupation of Drnis, the Health Center, the Office for Reconstruction, the Police Station, and the Center for Labor and Social Welfare are operating normally, and rail transport to Split is functioning normally, the postal service is working, and the parish priests have never left this area.

The people of Drnis complain that they have only rarely been visited by members of the Croatian Government. That could and should change. If they do not visit us, then we will go see them in Zagreb.

[Box, p 6]

**People Must Be Saved**

[Klisovic] There are currently around 1,000 Croats living in occupied Drnis territory. What all is being done to protect them?

[Odak] These people must be saved at any price. These are mostly old people, the sick and the helpless, who have decided to stay on their land despite the terror to which they are subjected. After the Maslenica campaign they were subjected to even greater terror. We have appealed to Croatian Vice Prime Minister Ivan Milas in writing, and we are in frequent contact with the International Red Cross and the High Commissioner for Refugees and EC teams. Ten elderly Croats were recently killed in the Promina area. UNPROFOR is not helping the Croat population.

Previous lists of Croats who are allowed to leave the occupied territories have not included a single Croat from Drnis itself. And there are currently 300 Croats living there. In neighboring Siveric there are a hundred or so, in Trbounje 50, and in nine Promina towns around 400. The Chetniks feel safer as long as there are Croats with them in Drnis, because they figure that the Croatian Armed Forces will not direct shells at that city as long as there are Croats there. In this way, the Serbs want to protect only themselves, certainly not the Croats.

Some people think that by evacuating Croats from the occupied territory we are helping the Chetniks in ethnic cleansing. I do not agree with that assessment, because I think that the most important thing is to save human lives, at any price. That is Croatian territory and will remain so. Specifically, the national composition of Drnis Opstina before the war was 78 percent Croat, 21 percent Serb, and 1 percent others. And the Chetniks are well aware of that.

#### Leadership Changes in Istrian Towns

93BA0934D Zagreb VJESNIK in Serbo-Croatian  
9 Apr 93 p 6

[Article by M. Urosevic: "Temporary Changes"]

[Text] Minister Jarnjak emphasizes that the goal of leadership changes in the Pula Police Administration [PU] and in Umag and Porec is to ensure as much safety as possible during tourist season.

Pula—"Personnel changes in the Pula Police Administration and at police stations in Umag and Porec are temporary in character, and their main goal is to ensure maximum safety for citizens during the coming tourist season, as well as to create strong teams, especially in the Pula Police Administration, based on the model successfully applied in Osijek and Split." With these words, at the end of a one-day visit to Istria on Wednesday afternoon, Croatian Minister of Internal Affairs Ivan

Jarnjak explained the reasons for the leadership changes at the Pula PU and in the Umag and Porec police.

Since midweek, the new head of the Pula Police Administration has been Ivan Babic, an MUP [Ministry of Internal Affairs] employee and participant in the homeland war. The newly appointed head of the Service for Protection of the Constitutional Order [SZUP] Center is Miodrag Zaharij, who was previously with the SZUP in Split, where he participated in the Maslenica campaign in recent months. Dragutin Cesar was appointed head of the Operative Division of the Pula PU, and the new chiefs of the Porec and Umag police stations are Mihajlo Varga and Petar Lakoseljic, respectively.

Minister Jarnjak told journalists that Josip Kukuljan, an advisor to the minister of internal affairs and prominent participant in the homeland war, is responsible for coordinating the work of police stations and the administration of Istria and Rijeka. The goal of all this is to guarantee maximum safety and protection for citizens and tourists from all types of crime. On the same occasion, journalists and the public were informed that the previous heads of the Pula Police Administration and SZUP, Boris Toncinic and Aldo Ritosa, have been transferred to the MUP in Zagreb, while the head of operative affairs at the Pula PU has been retired, together with Petar Fatoric and Drago Salinovic from the same Police Administration.

When asked by journalists about the disturbing situation in the tourist towns of Cervar, Porat, and Mareda, Minister Jarnjak said that 65 persons are currently being processed for 165 criminal acts of burglary, adding that he guarantees that such things will no longer happen because around-the-clock police patrols have been provided in those towns.

It should also be noted that in a Wednesday meeting with leading figures in the tourism trade and in Istria Opstina, Minister Jarnjak conveyed a message from the government indicating that two border crossings in Istria, as well as the one at Bregana, would be fixed up over the next 60 days in order to provide a better and more proper welcome for tourists.

### \* Industry Critical to Economic Growth

93CH0568D Prague EKONOM in Czech 14 Apr 93  
pp 43-44

[Article by Jaroslav Hejkal: "Industry Is and Will Be the Backbone of the Czech Economy"]

[Text] *In the face of developments in our entrepreneurial heaven over recent years, there is no doubt that industry will play a decisive role in the economy, even in the future. This is the result of industry's historical roots and traditions but is also due to the objective needs of the citizens of our newly arisen Central European state. That is why it is natural that, with the first independent steps taken by our republic, there is, at the same time, increased attention on the part of the public and the government precisely to the problems that exist in industry.*

Proof of this was even the recent general assembly held by the Czech Republic Association of Industry at Jihlava, which, as the only "umbrella" organization of business organizations in this country, was attended by the prime minister of the Czech Government, Vaclav Klaus. That also undoubtedly occurred not only because he wanted to let the 400 delegates, representing approximately 75 percent of Czech industrial enterprises in the state, cooperative, and private sector, know that the government is interested in the results of their negotiations, but also to express his government's efforts aimed at contributing to the creation of such conditions in our society that would lead to more effective solutions of such key problems that industrial business entities are currently encountering. And let it be said through the mouth of the president of the Czech Republic Association of Industry, Eng. Stepan Popovic, Candidate of Science, that there were more than enough such topical problems that were critically referred to by the Jihlava conference.

### The Slow Pace of Privatization

Among those problems that are precisely now so important to Czech industrial managers and entrepreneurs is undoubtedly the development that has taken place thus far regarding the privatization of state enterprises. Even though the critical voices at Jihlava included those who were aware of the difficulty in accomplishing privatization as a unique historical process in this country and who expressed their opinions that a "big piece of work" has already been accomplished in this direction, there was the unequivocal criticism that the pace of privatization was being unnecessarily delayed. That tends to defer the entire process of privatization in a disproportionate manner, something that only serves to deepen the "pre-privatization agony" in hitherto unprivatized state enterprises. Moreover, there is the danger that the second round of privatization will be delayed, which would further exacerbate the unpropitious situation in hitherto unprivatized enterprises. Many managers also spoke of their dissatisfaction with the fact that, although the government does not programmatically cast doubt upon

the method of privatization through the sale of enterprises to their existing managements, a method that was and is being successfully applied in other postcommunist countries, the government is not creating the basic conditions for assertion of this method. For example, it is not making it possible to acquire bank loans at a tolerable interest rate.

### Payments Relations With Slovakia

The Jihlava general assembly of "industrialists" stated that the extraordinarily serious problem involves relationships in economic collaboration and in mutual trade between the Czech and the Slovak Republics. The assembly referred to the fact that their balance of payments is beginning to tilt very much in favor of the Czech Republic and pointed out that the Slovak Republic has no opportunity to balance the resulting negative balance—this despite the fact that both sides have concluded agreements on the mutual balancing of payments, which are, however, not being fulfilled. For Czech industrial enterprises, this problem is understandably economically untenable, and the fact that it is not being solved is leading to a decline in sales, accompanied by all other negative consequences. This means that this is a virtual repetition of the demise of the former CEMA system, even though it is naturally on a smaller scale.

Many Czech industrial enterprises are thus getting into complicated situations, and, despite looking for various methods of asserting their production in other markets, they are not successful in finding satisfactory solutions for this problem. According to the viewpoints aired at the Jihlava conference, however, the above problem does not consist merely of the willingness or unwillingness of Slovak enterprises to make timely payments to Czech suppliers. (The case is frequently also the other way around.) In many instances, mutual insolvency existed before 8 February 1993, so that these hitherto unresolved property claims have to do with the division of the common property of the former federation, where the role of both governments is completely irreplaceable. Moreover, the "industrialists" believe that the above situation involving mutual payment settlements between Czech and Slovak enterprises also has to do with methods applied in transferring money in the banking sphere, where serious shortcomings exist.

### Protection for Our Market Is Missing

Critical voices at the Jihlava negotiations also dealt with the protection of Czech industry interests. They stated that the Czech market is currently completely open to any kind of goods from West Europe and elsewhere, many of which are even of highly doubtful quality and are being imported to this country in monumental quantities. According to those present, however, our government tolerates this with the justification that we have "started" the market mechanism in our country and the government intends to consistently respect the principles of this mechanism.



On the other hand, however, the West European countries and other countries with market economies, including the United States, are not behaving adequately toward us. They frequently assert various protective measures against the interest of our exporting industrial enterprises, measures that are asserted primarily by their employer or trade union interests or result from other problems or needs. These antimarket measures toward the importation of our goods are frequently also justified by referring to the fact that our enterprises allegedly sell at dumping prices, something the above voices deny. After all, a dumping price is a price that is below the level of production costs. And that allegedly is not the case in our country—be it the result of the influence of lower manpower costs or the influence of the rate of exchange of our koruna against “hard” currencies—because we produce many more comparable products at lower cost than do manufacturers in industrially developed Western nations.

These problems, about which the critics say our government is nervously dragging its feet, cause significant difficulties not only for our industry with respect to sales of its products, but also for our qualified industrial workers in terms of employment. “We do not want our government to do anything other than create identical conditions for the importation of industrial goods in our markets as we face regarding the export of our products to markets in other countries with market economies,” they demanded. “And we believe that, in our republic, there are some industrial sectors whose interests should be protected by the government for a certain period of time.”

#### **Bankruptcies and Taxes**

The views of representatives of Czech industrial enterprises with regard to the prepared amendment of the law on bankruptcies can essentially be summarized as follows: They support the position that the law on bankruptcies should go into effect in the spirit of the government proposal of its amendment, including the establishment of the proposed protective cooling off period before invoking its validity. However, they believe that the actual application of the law should take place in three steps. The first step should involve the radical initiation of the legal provisions and, at the same time, the elimination of everything that is incapable of conducting business and that, like a “pestilential infection,” paralyzes the activities of the remaining entrepreneurial entities in industry. Furthermore, those enterprises that are worthy of increased support and assistance by the Czech Republic Association of Industry should be identified. The third step should be a discussion between the Czech Republic Association of Industry and the government regarding those enterprises, in which the role of the government in their protection against bankruptcy should be more specific—in other words, these latter enterprises, which represent the “jewels” of Czech industry, or those enterprises whose bankruptcy would be followed by a chain reaction among related enterprises, including private business.

Of course, the realization of the law on bankruptcies is connected with the problem of industrial (but also other) enterprises, based on their duty to make estimated payments on the income of legal entities by the end of the first quarter of this year, and payments relative to the value-added tax. In view of the delayed encachment involving insolvent enterprises, many profitable enterprises are in a situation where they will not have “cash” money at their disposal to settle their tax obligations toward the state.

#### **The Market Is Not a Panacea**

In its conclusions, on the basis of the negotiations held at the Jihlava general assembly, the Czech Republic Association of Industry is basing itself on the fact that the economic policies of the government will result in future prosperity only if they support the development of competitively capable and efficiently managed industry. Spontaneous development, left purely to the actions of the market, however, will not assure attainment of this goal at the desired quality level or within the requisite time. In conjunction with the intention to help in rejuvenating the pace of economic reform, the Czech Republic Association of Industry is prepared for a dialogue between employers and the government and considers the following to be the risks posing an immediate threat to the pace of economic reform and requiring speedy solution:

**In privatization:** In the case of enterprises entered in the first wave of privatization, there is an untenable prolongation of the realization of ownership rights; it is therefore necessary to speedily conclude all necessary legislative and organizational steps. By the deadline for realizing ownership rights in enterprises included in the second wave of privatization, assurance should be provided for the functioning of the task of a temporary qualified owner and thus to prevent the destabilization of management and any delays in conceptual decision-making.

**For financial stabilization:** The financial market is paralyzed as a result of interenterprise indebtedness and by a shortage of resources. It is essential to amend the law on bankruptcies so that it will effectively sort out those enterprises that are insolvent. The goal should be to free up resources from nonproductive enterprises for the creation of necessary market conditions for the others. In utilizing resources of the state, the enterprises, and bank reserves, it is necessary to liquidate the economic burden borne by enterprises based on claims that resulted as a consequence of central decisions.

**In the market area:** There is no effective proexport policy; it is necessary to renew the effectiveness of measures that have already been adopted (for example, EGAP [expansion not given]). At the same time, the tax policy of the state should be amended, particularly the influence of the value-added tax, and exporters should be granted tax relief in their annual financial settlement in accordance with the size of their share in sales and in the



volume of the value-added tax. Furthermore, it is necessary to create a system of criteria for evaluating the export efficiency of firms as a basis for the selective policy of the state in supporting exports.

**In economic strategy:** As early as 1993, define the principles of additional development applicable to economic policy of the Czech Republic, which will make it possible to adopt strategic decisions in the business sphere. This applies mainly to tax policy, write-off policy, credit policy, and social and wage policy.

In its understanding of economic policy, the Czech Republic Association of Industry draws attention to the necessity of predicting the influence of an economic recession in Western countries, to the continuing devastation of eastern markets, and to the influence of the disintegration of the CSFR on the Czech economy. At the same time, it expresses its fears that, as long as the continuing crisis in our management is not prevented, a crisis that was created primarily as a result of the unclear conditions and ownership relationships in individual industrial enterprises, there will be no one to realize any future government economic policy, even though it is otherwise optimal in character.

[Box, p 43]

**Some Thoughts Expressed by Vaclav Klaus at the General Assembly of the Czech Republic Association of Industry in Jihlava**

*We are in a market mechanism; fundamental systems changes have been accomplished. It has turned out that the forecasts by the government in terms of economic development in 1992 were highly accurate, much like the forecasts having to do with inflation, the healthy development of public finances, and a balanced state budget.*

*The problem I consider to be the greatest involves the consequences of the division of the CSFR. The Czech Government is attempting to preserve a maximum number of existing economic relations, but the situation in recent days absolutely does not inspire me with optimism, and I am more and more nervous because of it. It is clear that the Slovak side cannot refinance its existing balance sheet and cannot "bring it down to zero" by increasing exports but, rather, by decreasing imports. A result of this will be the undoubted decline of trade between both republics, and the impact must be solved even on our side. Unfortunately, we in the Czech Republic are concentrating more on the static problems of dividing property, and we no longer take sufficient account of the dynamics of the problem resulting from the decline of our trade and economic relations with Slovakia. However, many fail to understand that there is a difference between these two matters in terms of impact, which is greater by a factor of 10.*

*The government is aware that speeding up privatization is key. However, it has a subjective feeling that the number of enterprises it approves each week for privatization is sufficiently large. I believe that, despite this, there are*

*problems that tend to delay privatization progress—I am very vexed by this, and we shall try to speed things up.*

*We know that the Fund of National Property is not actually an owner and that neither it nor any other state organ can replace a real owner in this interim period. We have no desire to prolong the "preprivatization agony" in enterprises and to contribute to the destabilization of management, but, on the other hand, we do not consider privatization by management to be something that is preferred. We do not exclude this possibility, but we have no reason in this country to give it some kind of "green light."*

**\* Privatization Progress Viewed by Minister Skalicky**

93CH0569A Prague EKONOM in Czech 14 Apr 93  
pp 15-17

[Interview with Jiri Skalicky, Czech minister for the administration of national property and its privatization, by Eva Klvacova; place and date not given: "We Must Not Exceed the Critical Speed of Privatization"]

[Text] *The first wave of coupon privatization has already officially terminated, despite the fact that the new owners have thus far not taken possession of their securities. Currently, preparations are already under way for the second wave. The Ministry for the Administration of National Property and Its Privatization is responsible for the supply side. In connection with the subsequent course of coupon or noncoupon privatization, as well as with the fate of privatized enterprises, we asked Minister Eng. Jiri Skalicky a few questions.*

[Klvacova] What can you say about the subsequent course of coupon as well as noncoupon privatization in the fate of privatized enterprises?

[Skalicky] As far as the subsequent course and organization of coupon privatization is concerned, our ministry submitted to the government for consideration materials that proposed variations for the solution. The first variant called for us to organize only one more wave of coupon privatization but to incorporate into it all property suitable for this privatization method. In my opinion, there is a lot of such property, and it is frequently property that was never listed for privatization.

[Klvacova] Can you be more specific? What kind of property do you have in mind?

[Skalicky] At random, it is possible to list telecommunications, other communications, the railroads, the forests, and so forth. There are even big portions of state-owned property (for example, in commercial banks) or property shares that were transferred to the Fund of National Property and regarding which no decision has yet been made about their fate. All of this property could potentially be offered for coupon privatization.

[Klvacova] Of course, this presupposes that the concept of ownership relationships in conjunction with coupon privatization would be reevaluated and a final solution found.

[Skalicky] Yes. A decision would have to be made as to which property was to remain in the hands of the state, which property would be public, and which property would be thoroughly privatized. That would require considerable work and the creation of a certain medium-range outlook. The second wave might not be realizable in this case until sometime next year. An alternative solution, which we were proposing with an eye to the functioning of the time factor, figured on two more privatization waves. In the end, after consulting the economic ministries, we reached the conclusion that there will be only a second wave, that it will be accomplished as soon as possible, and that we shall not attempt to incorporate into it all suitable property.

[Klvacova] What then is the extent of the property prepared for the second wave of coupon privatization?

[Skalicky] It amounts to approximately 150 billion korunas [Kc], and the ratio with respect to the entire amount of property scheduled for privatization is essentially the same as it was in the first wave.

[Klvacova] Is it possible to more specifically characterize the structure of the property being offered?

[Skalicky] There is probably no across-the-board answer. The offering should include small enterprises, worth less than Kc20 million. In those cases, we are attempting to prefer standard methods; it is not useful to have only stock corporations in this country. Definitely, coupon privatization is not being figured on in the area of state enterprises; on the other hand, we are figuring on it in terms of the larger food-industry enterprises and in the other industrial branches. But, to a considerable extent, it depends on the character of the privatization projects that have been submitted and what looks to be most important—in April, the law on bankruptcies and settlement goes into effect. In the final decision as to whether an enterprise should be offered for coupon privatization, it is necessary to take into account its actual status, the extent of its indebtedness, and its ability to survive. Experiences from the first wave indicate that the process of coupon privatization is not as rapid as we had visualized in the beginning. It is not in our interest to offer enterprises for coupon privatization in which there is a great likelihood that, during the course of coupon privatization, they will pass into the group of enterprises threatened by bankruptcy.

[Klvacova] Thanks to coupon privatization, we have a world first in terms of per capita stockholders. Do you believe those stockholders will be capable of exercising their ownership rights?

[Skalicky] I would definitely not underestimate them. I primarily believe in the quite often repeated claim that new stockholders will wish to quickly get rid of their

securities and that that constitutes a threat of collapse to the capital market in its very beginnings. I believe that stockholders who became stockholders as a result of coupon privatization will be thinking quite rationally; there is no reason to doubt their capabilities. Of course, there will be great problems involving amalgamation, the flowing together of individual voices into one common voice that will be capable of realistically influencing the activities of the corporation. For example, where 300,000 holders of investment coupons may have deposited their coupons into a corporation, that will not be a easy nut to crack.

[Klvacova] What kind of legal opportunities to amalgamate are at the disposal of holders of investment coupons?

[Skalicky] The opportunities are extremely varied. It is possible to choose a form of commercial partnership according to the Commercial Code, it is possible to form a civic association according to the Civil Code, and it is possible to have an informal agreement. All of these forms can fulfill the fundamental goal, which is to prevent the weak voices of individual stockholders from being heard at general assembly meetings but, rather, to let a strong voice speak in their name there. I am expecting that, in addition to investment funds, there will develop institutions that will be offering to represent individual holders of investment coupons at general assembly meetings, provide reports on their security holdings, and so forth. The average holder of investment coupons, who owns several securities in several enterprises and has a job, will very likely not devote his time to administering his property but will seek a middleman. He will find him in the market. The market will create all of the necessary forms for that activity, ranging from formalized ones through those that are totally informal.

[Klvacova] A question that is frequently asked in conjunction with coupon privatization has to do with the cost of a coupon booklet for the second privatization wave. The answer would be of interest also to our readers.

[Skalicky] I can respond with an alibi. That problem is being solved by the Ministry of Finance. But, if you are interested in my opinion, I believe we should again give the broad public a chance to participate in the process of coupon privatization. Because we have undergone a certain price development since the beginning of coupon privatization and because wages have risen, those factors should also be reflected in the price of the coupon booklet. But it would be fundamentally sensible to retain the original ratio between the price of the coupon booklet and the value of the privatized property involved.

[Klvacova] Let us return to the question of bankruptcies, which are more than topical at present. They will undoubtedly also impact on enterprises that were offered for coupon privatization. Should the state provide a certain modicum of protection against failure for those

enterprises, or should it not? We both know that state paternalism has more than woeful consequences.

[Skalicky] That is a question dealing with the attitude of the state toward bankruptcies in general; it does not deal strictly with enterprises offered for coupon privatization. I agree with you that state paternalism has devastating consequences. However, there are still other facts at work here. If we wish to stabilize the banking sector and market relationships involved in credit policy, we should not weaken the role of the creditor. For example, if I grant a longer-term deferral to a specific branch—to agricultural primary production, let us say—that provision can have absolutely counterproductive consequences because it is likely that no one will lend such an enterprise any financial resources. I speak of agricultural primary production only as an example to make clear that we must pay attention so as not to trade the Devil for Lucifer and that we do not compel the banking sector to resort to restriction of credit and find itself somewhere in the corner of the economy by increasing protection for enterprises.

On the other hand, there is the problem here of a possible chain reaction of bankruptcies, particularly the failure of large enterprises that might, in and of itself, be desirable, but that can impact even on healthy enterprises, which will then fail only because their claims upon the appropriate colossal enterprises will be uncollectible. The state must, by some method, intervene temporarily in the process of bankruptcies, but, at the same time, that intervening must be very carefully conducted, very selective, and not aimed at saving individual large enterprises but at reducing the consequences of large bankruptcies. They must be aimed at "severing the ties" that lead from unhealthy enterprises to healthy enterprises.

[Klvacova] How do you intend to tell the difference between healthy enterprises and sick ones?

[Skalicky] It is necessary to anxiously weigh the prospects or lack of prospects in some branches; enterprises cannot be evaluated merely on the basis of their accounts, their obligations, and their claims. If I am to evaluate a large engineering enterprise that has large debts, that makes excuses by referring to the past, and that, at the same time, does not have new markets and whose production program is not competitive in the European market, it makes no sense to compensate for past debts, either from the state budget or from resources of the Fund of National Property. But, if there is real hope to save that enterprise, if that hope is recognized by the creditors, and if they are willing to participate in the financial recovery of the enterprise—in other words, if the enterprise is considered to have a promising future—there is no reason not to assist creditors, primarily in the banking sector.

[Klvacova] I would agree with you provided that creditors are private owners. At the present time, however, it is the banks in which the state property portion is very

high, and they have submitted much proof in the recent past to indicate that their conduct has a long way to go before it becomes efficient.

[Skalicky] You are partially right, and I know personally that, when debt relief was being conducted in large enterprises, it was frequently accomplished on the basis of old contacts and not on the economic considerations by the banks. But, so that we finally deal with the subject of your interest—that is, with the question of bankruptcies in enterprises that were totally privatized or partially privatized by the method of coupon privatization—it is necessary here to consider the difference between the approach for the first and that of the second wave. No special protection will be applicable in the first wave. The debtor has the right to request a three-month cooling-off period, but, if his situation does not change within this time (if he does not have a strong owner who will pay his obligations for him and will attempt to be instrumental in his recovery, nothing much can change), he will end up in bankruptcy. In conjunction with the law, stockholders will receive a share of the settlement, but, other than that, they will have bad luck—they invested poorly.

As far as enterprises that are being offered in the second wave of privatization, I stipulated the possibility that, if the debtor does not request a cooling-off period, that can be done by the Ministry for the Administration of National Property and Its Privatization. We intend to make full use of that possibility, we intend to prevent speculative considerations in conjunction with bankruptcies, and we intend to correct the method of privatizing enterprises threatened by bankruptcy. If the submitted privatization project is of the 96 plus 4 type, that means we are dealing with the entire scope of coupon privatization. If it is absolutely clear that there is no one here who might be willing to extend a helping hand to the enterprise, to help it extract itself from its difficulties and pay its debts, bankruptcy is a clear, actual, and unequivocal prospect. There is no point in discussing the project, in approving it, in offering the enterprise for coupon privatization, in holding a protective hand over it, and in saying to the creditors: "You have a bit of bad luck. We shall protect this enterprise."

If there is an enterprise where an interested party exists who pledged in the privatization project that he would pay off the debts, make investments, change the production program, produce better products, and so forth, and, if the current management does not request a deferral, I get the signal that I might be able to solve the problem in some way other than by bankruptcy. As a state organ, I request a deferral, speed up the process of privatization, and sell the enterprise to that interested party who is familiar with the situation at the enterprise and is nevertheless interested in it.

[Klvacova] By your answer, we have reached the problem of combining standard and nonstandard privatization methods. It would seem that you are not overly

enamored of privatization projects of the 96 plus 4 type—in other words, projects fully based on coupon privatization.

[Skalicky] No, I am not. Even with respect to those enterprises that are entering coupon privatization, we are looking for an owner who would immediately influence the conduct of the enterprise. Wherever that happens, we make an effort to offer only a portion of the securities for coupon privatization and to combine coupon privatization with standard methods—public competition, direct sale of part of the securities.

[Klvacova] How has privatization through the cost-free transfer of property proved itself?

[Skalicky] In terms of numbers of transactions, cost-free transfers of property are massive and represent approximately 25 percent of all realized privatization transactions; in terms of volume of property, they tend to be marginal in importance and impact only on approximately 3.4 percent of privatized property. Cost-free transfers are more a political question, having to do with identifying the property of towns and communities and, on the other hand, connected with our efforts to strengthen the financial resources of some important funds for supstate and independent social policy, health care, and so forth. I have in mind particularly the pension funds and health insurance funds. As far as municipalities are concerned, we are trying to consistently allocate to them property that has the character of public property.

[Klvacova] In other words, property that the not overly developed abilities of towns and communities cannot compel to fail.

[Skalicky] I would not like to make an across-the-board judgment of the capabilities of towns and communities to go into business. Perhaps in many locations the city councils have very capable businessmen. But I believe they should devote their efforts more to doing business rather than to managing public administration. Globally, however, towns and communities should go into business only to a limited extent, and not even the argument that communities always owned breweries, slaughterhouses, and so forth can persuade me otherwise. But, above all, we are missing a high-quality law on management by communities that would define communities as public legal entities, whose business activities are controlled by somewhat different rules than the business activities of private legal entities.

[Klvacova] Will you continue to prefer transparent methods of privatization such as public auctions and public competition over methods that are less transparent, primarily those involving direct sale to a previously determined owner?

[Skalicky] We have preferred those methods from the beginning. Of course, we reject any kind of fundamentalism. If we have several participants who are proposing direct sale and one of them makes an offer that is

expressly and documentably better than the others, we propose to the government that a direct sale be made or that an internal selection proceeding be instituted. Wherever there is greater interest, we choose public competitions and public auctions, frequently even at the price of rejecting all projects and requiring the founder to work out a new project. We are not trying to manage totally in line with the principles of the previous stage—namely, that we must approve some kind of project at any price. If we have only bad projects (like the one for Tesla Prelouc), we shall not approve the one that is least bad. We reject all of them, even at the price of a certain amount of delay.

[Klvacova] It is an open secret that Prime Minister Vaclav Klaus complains from time to time that the work of the Ministry of the Administration of National Property is progressing at a somewhat slower pace than was previously the case. On the other hand, after your advent to the ministry, the number of privatization scandals declined noticeably.

[Skalicky] We are walking on a knife blade and are operating between two contradictory pressures. The first is the pressure to speed up the privatization process; the second is the pressure to have that process controllable and transparent. Personally, I believe that a certain critical speed does exist. If we exceed it, the entire process becomes difficult to control and politically dangerous. And it essentially leads to serious mistakes. If we are engaged in making unprecedented changes to ownership relationships and if in three to four years we want to transfer some 8 percent of state property into private hands, we cannot ignore those aspects. When I was assuming my office, my task was to repair the prestige of the ministry to a certain extent because, politically, there was a threat that the entire process might collapse. I saw the only possibility of solving the problem. It involved the entire government in taking responsibility. I was criticized for restricting the jurisdictions of the ministry and increasing the influence exerted by the other ministries, but the result was that the government supports the process of privatization, and joint responsibility exists here. Today, the government decides the fate of all projects, and not only projects based on the direct sale to previously identified owners. Of course, the entire process is now administratively more demanding and the pace somewhat slower. But I believe we were successful in establishing a certain standard and a suitable pace.

[Klvacova] The question of the pace of privatization is connected with the withholding of securities from Slovak citizens who had invested in Czech enterprises. Politically, that solution is understandable; ethically and economically, it is less so. Will it not result in more damage than usefulness?

[Skalicky] Of course, that step is highly controversial. It is understood that it will mean a deferral regarding the issuance of stock certificates even for our investors by a



minimum of several weeks. But we have no other instruments at our disposal with which we can defend ourselves against the approach used by the Slovak side in questions of property settlement. Coupons are one of the last possibilities.

[Klvacova] The Fund of National Property is the realizer of state decisions on privatization. Currently, it is a legal entity registered in the Enterprise Register. What, in your opinion, is or should be the measure of its real independence?

[Skalicky] I perceive the Fund of National Property to be a realizational unit that performs all property-legal acts that have to do with the government decision and the decision of the Ministry for the Administration of National Property and Its Privatization. Currently, the fund is designed as an owner. That is totally in order as long as we are concerned with preserving its separation from the state budget. However, it is not in order if the government should, say, retain some of the securities of a certain enterprise within the fund for a subsequent decision and if the fund were to arrogate to itself the function of an owner and were to demand that it be permitted to make decisions regarding the sale of those securities. Here, the jurisdictional dispute is anchored within the law on large-scale privatization, and it is necessary to resolve the dispute by amending the law.

#### \* Secondary Securities Market To Open as RM-System

93CH0569B Prague EKONOM in Czech 14 Apr 93  
pp 32-34

[Interview with Dr. Dusan Triska, creator of the RM-System, by Irena Satavova; place and date not given: "The RM-System Is Ready"]

[Text] *The RM-System (hereinafter referred to as the RM-S) is an extrastock exchange market in securities that is scheduled to begin functioning in parallel with the Prague Stock Exchange of Securities and that was introduced by EKONOM as early as last year in issue No. 51. Its fundamental principles at that time were compared by Dr. Dusan Triska, the creator of the RM-S project, to coupon privatization, which was essentially nothing more than a special market in securities, organized on the basis of periodic auctions, with the difference that: 1) the seller was the state, who was also the organizer of the market; 2) the payments medium was investment points; and 3) the supply-and-demand side was gradually curtailed.*

*The RM-S can be briefly characterized as follows:*

- Anyone who so wishes will have direct access to the market. At the RM-S market, everyone will be able to place orders to buy (K-pokyny) or orders to sell (P-pokyny), without regard as to whether they are private individuals or legal entities and irrespective of whether they engage in buying or selling securities as "amateurs" or "professionals," whether they are citizens or foreigners, and so forth.

- *The RM-S is obliged to accept for its market any publicly tradable registered securities. In contrast to the stock market in securities, the RM-S does not have the right to reject any kind of publicly tradable securities merely because that security is not of adequate quality in the opinion of the RM-S.*
- *Every buy order or sell order will be automatically subjected to a so-called pretrade validation. That means that the RM-S will verify whether the individual who placed the buy order has deposited an adequate amount of legal tender in a special money account and whether the customer who places a sell order actually has the offered securities in his account in the Center for Securities.*

*All principles for the functioning of the RM-S, including a description of the basic algorithm for determining prices and specific dispositions required to accomplish buy/sell orders, are contained in the RM-S Market Code that was approved by the Ministry of Finance of the Czech Republic on 19 March 1993 and that will be available at all RM-S trading locations. In the following interview with Dr. Triska, we therefore no longer dealt with the system by which the market functions but concentrated on practical questions connected with the initiation of market operations. Those operations were to start the moment participants in coupon privatization received the stock certificates of privatized enterprises, which was to be 29 March. The decision by the government to defer the moment of issuing stock certificates has resulted in even deferring the moment at which the RM-S trading of securities is to begin because there is nothing to trade. Nevertheless, we asked some questions.*

[Satavova] Is the RM-S prepared technically to begin organizing a market in securities? How many trading places do you have prepared where current customers (that is, practically all participants in coupon privatization) can place buy or sell orders?

[Triska] There are approximately 400 such trading locations, and, basically, they are all those registration locations where participants in coupon privatization will be receiving their extracts from the records of the Center for Securities. If that registration office is not identical with RM-S trading locations in the future, citizens will reliably find out its future location. In any event, the RM-S is ready to start trading in securities as promised—that is, on the day securities resulting from coupon privatization are turned over to new stockholders.

[Satavova] Where can customers find out which securities are being offered for auction?

[Triska] At each trading location there will be available a list of all publicly tradable securities, where a customer can find out both what is being offered and, particularly, the identification number of each security—the ISIN. At every auction, the total number of securities based on coupon privatization make up the offering because the law on securities declared that all securities issued before the law was effective were publicly tradable. The only job



for a customer of the RM-S will thus be to augment the information regarding the ISIN assigned to his security.

[Satavova] In addition to customary customers, does the RM-S figure on special customers who will be entering the RM-S market through the use of diskettes or modems or on an on-line basis? When and how can those medium-size and larger investors figure on being able to participate in the RM-S?

[Triska] That began to be topical several weeks ago, when the RM-S conducted several initial training sessions for potential interestees. Nevertheless, we believe that the process of training special customers and equipping them with basic technologies will take some time yet. That is why we are figuring that all potential special customers, to the extent to which they do not arrange for their connection with the RM-S by contract and with special equipment, will, in the beginning, be placing their buy or sell orders on trading lists and will be making use of all services available to current customers.

[Satavova] Even before accumulating supply and demand applicable to a certain security within a certain round of a periodic auction, the RM-S must determine both the permissible price range, within which the stock prices can move (the indicative price is the arithmetic average derived from the extreme limits of this range), and the moment at which the acceptance phase for buy orders and sell orders is terminated. Then, on the basis of the actual accumulation of demand and supply—provided there is no excess on either side—the purchase price must be set. How can customers learn of this price? By personal letter or consulting the press, or do you expect to establish your own periodical?

[Triska] The basic method for publishing the results of each round will be through posting information at each trading location. We are in touch with some Czech dailies, but, because we cannot compel them to run that information, we have provided for our own information service through the network of trading locations, where we will make the information available to everyone.

[Satavova] Thus far, we have been speaking of the services provided by the RM-S in the area of purchases and sales of securities. Apart from those, the RM-S intends to provide even so-called other services. What kinds of services are they?

[Triska] They are services through which we will facilitate nonanonymous—that is to say, direct—sales and purchases. That means that, if someone wants to conclude a purchase agreement outside of the RM-S and finds a trading partner in any other market, he can bring that agreement to the RM-S market, place the appropriate order and counterorder, and we will then, as a service, do the pretrade validation and, after that, perform the necessary settlement. That is, we will arrange for the transfer of securities at the Center for Securities and for the transfer of money between appropriate monetary institutions.

Another service involves the publication of an invitation to buy and sell in the RM-S. In other words, a customer will be able to announce his intention to sell or buy (and need not quote the price), calling on interested parties to respond at a certain contact point. We consider that service to be significant, particularly for special customers who are connected with the RM-S by an on-line system.

Then there is the enormous complex of services having to do with the issuance of securities on the primary market. An issuer who intends to distribute newly issued securities will be offered a service based on the fact that, through the network of RM-S trading locations, he can address an indeterminate number of customers. In other words, he can do a public offering of newly issued securities.

[Satavova] Will you begin providing those services at the same time you start RM-S market activities, or is that something for the future?

[Triska] Technically, we can do so right away, but the situation is such that it is frequently simpler to offer the technically most advanced services than it is to offer elementary services. If the market in securities does not stabilize, it is our strategy to offer primarily, if not exclusively, the service of periodic auctions.

[Satavova] After the breakup of Czechoslovakia, the original RM-S project was also divided into a Czech and a Slovak portion. Is there any connection between the two? Will it be possible to trade the securities of one state in the RM-S market of another?

[Triska] The Czech RM-S and the Slovak RM-S are formally absolutely separate. The separation line is the Center for Securities, which keeps records of securities according to the seat of their issuer. Technologically, however, there is nothing to prevent a single interconnected market from developing from those two markets. It can be primarily prevented by the political situation and by the lack of mutual convertibility of the Czech and Slovak currencies.

[Satavova] If we are speaking of partnership relationships, what are the relationships between the RM-S and the Prague Stock Exchange? Do you cooperate mutually?

[Triska] We do not cooperate. That bothers us, and what bothers us most is that we are not even clear about the fundamental questions of strategy to be used by the stock exchange. From one side, we hear that the stock exchange will be trading only in some selected securities (a maximum of tens), and then there is talk of a larger number of securities. So, at this moment, the possibility for cooperating is somewhat complicated. But I am convinced that every security will undoubtedly find its own market.

[Satavova] And what about the competition in the extraexchange market. Do you already have some?

[Triska] As far as we know, so far only the Prague Stock Exchange of Securities, in addition to ourselves, has permission (a license) to organize a market in securities—and the Prague Stock Exchange will be organizing a stock market. Thus, the RM-S market will probably be unique in the world at the moment of its inception. Millions of securities representing hundreds of issues will suddenly find themselves in the hands of millions of owners. We believe that to service that market in all its breadth requires, at the very least, such a technological and organizational hinterland and such experiences as were acquired by the organizers of coupon privatization during its course.

To a lesser extent (as far as customers or securities are concerned), basically anyone can organize a market. However, as long as there is a large number of individual owners of securities in this country, and a significant part of those small investors makes the judgment that direct entry to the market is more advantageous for them than an entry brokered by a professional firm, the RM-S market will be without competition.

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Note: A detailed explanation of the principles of the RM-S market, including specific cases explaining its functioning, are contained in the attachment to this issue of EKONOM.

#### \* Czech Academy of Sciences Newly Organized

##### \* Inauguration in Prague

93CH0565A Prague AKADEMICKY BULLETIN  
in Czech 3 Mar 93 p 1

[Article by Sylvia Danickova: "Constituent Meeting of CR Academy of Sciences' Academic Senate"]

[Text] The Senate of the Czech Republic Academy of Sciences met on 24-25 February in the assembly hall of Prague's Slavic House. It was a very long and very exciting session as the presiding chairman, Dr. Jiri Veleminsky, said in his concluding remarks. Yet it accomplished its task splendidly. Although the large number of discussion speakers for two days dangerously delayed a chance to take a breath of fresh air in snow-covered Prague, it attested to an often dramatic interest the participants took in the prospects of Czech science, the quality of AV CR [Academic Assembly of the Czech Academy of Sciences] statutes, the fairness of election procedures, and an equitable approach to the problems of institutes being phased out. Tense moments rivaling the excitement of a good sports match were interspersed with addresses by honorary guests: Prof. Otto Wichterle, Prime Minister Vaclav Klaus, Education Minister Petr Pitha, and the newly elected president of the CR Academy of Sciences, Prof. Rudolf Zahradnik. They brought a needed dose of calmness and relaxation into the hall.

Professor Wichterle, elected honorary president of the AV CR, opened the proceedings with an optimum characteristic of him. He said, among other things, "This assembly is not a rite of celebration; there is nothing to celebrate. But I do hope it will not be a funeral rite, either, even though there are numerous reasons for mourning and lamenting. It is said that the situation in our education and our science is catastrophic. But, of course, this country has learned all about catastrophes. Also about much, much worse catastrophes. We were always able to deal with them. I do not want to belittle the problems, but catastrophic situations may even be of some benefit: They break old habits, disrupt the norms, offer opportunities to look at things anew and handle them better in the future. My wish to you," said Prof. Wichterle, in concluding his address to the assembly, "is that you continue to cultivate the academy's little garden. It may be rather ravaged but still remains green, and it is up to you what fruits it will bear."

Vaclav Klaus, who noted that he is a former colleague and coworker of those present at the meeting, explained his concept of transforming the Academy of Sciences. "The fundamental task our society has come to face after that stormy week in 1989, a task we are continuing to struggle with more or less successfully, is a process of a profound basic social transformation in all areas of our country's life." Transforming a scientific institution like the Academy of Sciences is regarded by Vaclav Klaus as a transformation comparable in its extent and difficulty to transforming the industrial behemoths we inherited. He also sees an analogy in the way its problems are to be resolved. In his opinion, the academy's transformation cannot be torn out of the context in which it takes place. It has multiple dimensions, and it will evidently be necessary to devise a basic system of linking scientific workplaces to higher education and perhaps even transferring certain scientific workplaces directly to the universities. Hence, it is necessary to transform the universities also, along with transforming the academy.

"The government and I personally do not underestimate the seriousness of the situation now facing Czech science," said Vaclav Klaus. "The government is of course aware that tasks such as the preparation of a comprehensive transformation project of the academy and its follow-up steps, as also the linking of science to the universities, cannot be funded out of nothing. I should like to emphasize," concluded the prime minister, "that a transformation of the institutional base of Czech science can be successful only if we all regard it as our common undertaking. I want to assure you that the Czech Government shares with you this basic perception of a common undertaking."

During the first day's marathon, which included an address by Education Minister Petr Pitha, two extensive reports were presented. The first was on the activities of the Committee for Managing the AV CR Institutes during preparations for setting up the CR Academy of Sciences, and the second on the CR Academy of Sciences' draft budget for 1993. There were votes to elect

the honorary and the new president of the AV CR and members of the Academic and Science Council. The second day's main event was a debate on the academy's statutes, which took the form of a stormy yet civilized exchange of views from the plenum. While the TV crew again took pictures for their reportage and journalists were meeting in the dining hall for yet another news conference, the truly work-filled two-day session was concluded with Professor Zahradnik's message of greetings. With a forcefulness that paralleled the atmosphere at the end of the meeting, he said, "It is our duty, whether we are fathers or heads of institute teams, to avoid giving in too much to the adversities of everyday life. Those awaiting us in the coming weeks will not be worse than those we had experienced in the weeks past. Do not forget that, by your measured temper and a certain minimum of optimism, you impart a zest for life especially to your younger research colleagues—and that is well worth it! So go back to your laboratories in a cheerful mood. Every success to you!"

**\* Pledge To Support Nation**

*93CH9565B Prague AKADEMICKY BULLETIN  
in Czech 3 Mar 93 p 2*

[Statement issued by the Senate of the Czech Academy of Sciences]

[Text] Our country today, after a half-century of enforced separation, is striving to restore its link to the Western world, of which it had been a part for a thousand years. The important position of knowledge and science that Western civilization reached at the end of the 20th century is therefore binding upon us, as well.

Our Republic at present has an antiquated and unsuitably structured industry, a shortage of raw materials and energy sources, and a very degraded environment and morale. Science and knowledge are among its few

resource potentials. Without capitalizing on them, the Czech Republic cannot acquire a dignified place among the advanced countries or restore its economic prosperity. Moreover, science is also important as a way of learning about the world and, thus, as a basic dimension of human life in general.

On 24 and 25 February 1993, the constituent senate of the Czech Republic Academy of Sciences convened for a meeting. The new academy sets itself the goal of becoming a modern system of autonomous scientific workplaces, contributing by high-quality research and with notable international cooperation to the advancement of scientific knowledge, educational levels, and culture. It intends to cooperate closely with the universities and applied research workplaces, with which it proposes to form a functioning whole with interlinked personnel in which each unit will play its own irreplaceable role. Research concentrated in the newly formed academy will emphasize the interdisciplinary principle as well as thematic specialization. The new academy emerges from a radical transformation of the former Czechoslovak Academy of Sciences and follows up on the tradition of more than 200 years of older Czech science institutions, particularly the Royal Bohemian Science Society and the Bohemian Academy of Arts and Sciences.

We are fully aware of the complexity of the problems facing this country. We pledge all our knowledge, our abilities, and our capacities, being persuaded that it is precisely science and knowledge that represent an important means toward their solution. But, because knowledge, determination, and perseverance of the scientific community alone is not sufficient, we turn to the government, parliament, and public of the Czech Republic so that jointly and in the interest of this country we can speedily assure that knowledge and science enjoy in our country not only freedom and autonomy but also permanent moral, financial, and legislative support.

**\* Defense Minister Fur on MDF Politics, Defense**  
*93CH0594E Budapest TALLOZO in Hungarian*  
*15 Apr 93 pp 695-697*

[Interview with Lajos Fur, minister of defense, Hungarian Democratic Forum managing director, by NAP TV reporters Janos Betlen and Laszlo Juszt, on the television program OSSZTUZ during the week of 3 April: "Lajos Fur: Nothing Is Impossible in Politics"]

[Text] [Betlen] Defense Minister Lajos Fur is an optimist. He just published a 500 page volume containing his writings of the past 20 years. He gave this volume the title "We would like to cry freely." Would you prefer to cry more in your capacity as the managing director of the MDF [Hungarian Democratic Forum] or as a minister?

[Fur] I do not want to cry in either of these capacities. Actually, the title of the book does not pertain to my crying, but to the crying of the community. Insofar as my two capacities are concerned, I do not regard the situation as one that justifies crying. Even if there are concerns—and there obviously are some everywhere—they do not provide a reason for crying.

[Juszt] Let us begin with your managing directorship, the party affairs, with high politics, and continue later with your side job, the Ministry of Defense. Is your job as managing director a formal position? Do you regularly to to work at Bem Square? If so, for how many hours, and how much work do you perform daily?

[Fur] I do go to Bem Square, even if not every day. I have not added up the time I spend in the headquarters itself. Generally, I can be found there on Mondays and Tuesdays, in late afternoons. So that my position as minister is really not a side job, instead, being the managing director is the side job.

[Juszt] I know that it is improper to reach into someone's pocket, but are you being compensated for your managing directorship, or do you perform that as social work?

[Fur] This amounts to social work for every elected person in Hungary today, and so it is social work on my part, too. In other words, I do not receive money for that.

[Betlen] This was a shrewd question! It could be interpreted to mean that you were actually performing party work for your ministerial salary. In other words, it is also being paid for by people who do not support the MDF, but who pay taxes to support the state budget nevertheless.

[Fur] I do not believe this to be the case, because I do work for my ministerial salary. Generally speaking, every normal Hungarian citizen has a 40 hour work week. If I add up the hours I spend each week working on party affairs and on national defense matters, the number of hours amply amount to twice the number of regular work hours in a work week. But in some weeks I work three times as much as the hours in a regular work

week. So that I believe that I do work 40 hours at the Ministry of Defense, and work another 40 hours, or perhaps more, for the party. And I do not regard this work as a simple party affair, I regard it as working for the public, for which one always has to work, and for which it is worthwhile to work.

[Betlen] What is the actual function of the managing director? What is there to be done in that position?

[Fur] The position title says it all: The incumbent carries on the daily affairs of the party. Things that arise week after week in the organization's life, and in addition to that, one always has to deal with general, national political affairs and issues. These have to be prepared, negotiations must be held. After that one also has to provide for implementation, as much as possible. One has to travel throughout the country, visit the local organizations, counties, and the districts of Budapest, and one has to talk, converse, and keep the faith in everyone, and most importantly, in ourselves.

[Juszt] There is much need for that within the MDF, I would think. In viewing the events of recent days—the situation at Kunszentmiklos, let's say—the performance of the MDF candidate was not too encouraging from the standpoint of the party. What do you think of the Kunszentmiklos elections, and in light of that, what do you think is going to happen in 1994?

[Fur] We are not the only ones who have failed to score a sweeping victory at Kunszentmiklos. Others also suffered the same fate as we did. But I do not think that one could draw far-reaching conclusions based on this incident. Relative to the Kunszentmiklos case, I already pondered how the interim elections turned out several times before. There were five such elections, and one of these resulted in an MDF victory.

[Betlen] Do you have Mihaly Kupa in mind?

[Fur] Yes! He was the MDF's candidate, or the MDF supported his candidacy at least. And the MDF candidate did not fall too far behind in the Bekescsaba elections either. There the results were due to our own tactical mistakes. Bela Kadar won the first round of elections. Considering the fact that governing must go on, that governing is accompanied by so many concerns, and that the affairs of the entire country are accompanied by so much torment, I am not dissatisfied with the results the MDF scored in the five interim elections.

[Juszt] As long as you are not dissatisfied, I am particularly interested in your perceptions about 1994.

[Fur] Well, even if I view only these five election results and formulate judgment on that basis, there is still no reason to be bitter....

[Betlen] Adding up the percentages of votes you received, the total would be quite enough to win one seat!



[Fur] No. If you divide the five, one victory of out five represents 20 percent. In the other district, a near victory brings the total to almost 40 percent. I, as every MDF member would rejoice if we scored this high in the elections. This was a wish! Nothing is impossible in politics. Many things can happen. The upcoming elections hold many surprises as a result of politics in the upcoming months, of slow changes in public opinion in the next few months.

[Juszt] Mention just one such surprise! Because on international women's day, at Angyalfold, you delivered a speech and said that the way people generally felt was improving. What made you draw this conclusion?

[Fur] I am drawing this conclusion based on the fact that with the passage of time, people are better able to put in perspective and place the concerns, the trials and tribulations of the transition in this world, and in this small Hungarian universe. People are increasingly becoming hardened to face new kinds of challenges, new conditions, which a future, truly democratic country, a country, a society, a public life that is democratic in every respect, means to them. They had to get used to this. Let's admit, all these concerns are not so simple to deal with for a society that has lived for decades within an entirely different structure. I do not want to qualify that structure at this time, although I could do that, too. It is not easy to make a transition from that structure to another, which, from the standpoint of the people—I could say—is an alien structure, to a democracy, [to different] politics, and [to a different] economy.

[Juszt] Isn't it true that the general feeling of the people could be improved by specific accomplishments, by specific events?

[Fur] It would be difficult for me to mention here an event that improved the general feeling of people—if you have something very specific, something that affected each individual in mind. But I would bring up increased pensions as an example, even though it was the subject of much criticisms. By increasing pensions the government and parliament intended to convey and to prove that it indeed wanted to care for the most fallen, elderly groups, which really needed such care.

[Betlen] I am not certain that everyone agrees with this explanation, because the pace by which pensions are being increased falls below the pace of increases in average income, even though the law requires that pension increases keep in step with average income increases. I know that there are no funds from which to increase pensions, nevertheless I very much doubt that your action had a positive effect.

[Fur] Nevertheless, many people ponder this gesture. In more than one place they said that the increase was not proportionate, nevertheless they valued the concern we manifested. They appreciated the fact that this world was without social sensitivity, without caring about the people's concerns. Unfortunately, for a long time, many

people viewed the unpopular measures of the transition that had to be taken as a sign of lack of social sensitivity, of not caring.

[Betlen] What do you have in mind? Others claim that you did not introduce those unpopular measures and that those would be left to the next government.

[Fur] Very many measures of this sort had to be introduced: the closing of factories, bringing to a halt entire branches of industry, and the immeasurably high unemployment rate. No one rejoiced over these.

[Betlen] In essence, you, Mr. Minister, explained the difficulty the MDF had in the local elections by invoking the disadvantages presented by having to govern, and by the difficult situation. I believe that there is another factor. The MDF won the elections as a moderate force. Since then it appeared that some bitter, radical strain had prevailed within the MDF membership, as if that had been popular. Some explain the situation by saying that the MDF is less popular than it was, because a majority of the populace does not support this radicalism. How do you view this situation?

[Fur] It's not that simple. The situation is a bit more complex. Radicalism is not a general MDF attribute. Radical, or less radical, I could say conservative people are necessarily present, and after a while gain strength or weaken in a party like the MDF, just as in any other political grouping. This is particularly true with respect to a political party like the MDF, which represents several trends. Radicalism naturally accompanies every political movement. Part of society—and I am convinced, always a smaller part of society—sympathizes with such radical thought, radical politics. A vast majority of society always wants to see moderate, well-balanced, calm, and staid politics.

[Juszt] Is there an extremist or radical threat in the MDF today?

[Fur] Under no circumstance is there an extremist threat within the MDF. There exists a radical line of thought, which, unfortunately, has also made the internal life of the party rather complicated in recent months. The biggest trouble was that these internal, conceptual differences and disputes were argued in public. Doing so would not enhance any party. Especially when a party prepares itself for elections, tying down that party with internal debates before the greater public is not beneficial. These disputes should be settled, because one cannot enter an election period with such uncertain, tense disputes; these can only create a dangerous situation.

[Juszt] What do you mean by extreme, and how do you interpret radicalism? What is the difference between the extremists and the radicals?



[Fur] The extremists coarsely define the views of smaller groups in society, and pursue violent, aggressive politics, while the radicals like to see things progress faster or tougher.

[Juszt] Could you identify these two lines within the party?

[Fur] I cannot identify the extreme line of thought within the party, but I can identify radicalism.

[Juszt] How?

[Fur] Everybody knows this, and I think we can state this openly: The movement of the Hungarian Way Circles, and within that certain political forces, think in far more radical terms than the MDF in general, or what the situation of the country momentarily enables or permits. (...) These issues should be settled. We cannot go on carrying these with us in their present form.

[Juszt] How could these issues be resolved?

[Fur] I envision three alternatives. One is to end the debate within the party, behind closed doors, and start working on the elections with full force. I do not know whether there still exists a chance to settle things this way, but we should try, perhaps. The other method of settlement—and I have discussed this with several individuals within the MDF—would be to once again review the earlier concept which surfaced in another similarly grave period, when the debate between the party and the movement was going on within the MDF. At that time several people wondered—including myself, I'll be frank—why these organizations could not continue working together, within the same Hungarian Democratic Forum. In other words, one segment of the party is an organized force, and the other segment is more loosely organized, and this is the movement. These two could be reconciled even in terms of organization, and the two would mutually reinforce each other. Thus the initial concept of the MDF would remain intact, the guiding concept that created the movement, but alongside the movement there would be a viable political strike force that would attend the business of the party, would direct the elections, and would do everything political parties must do in democracies.

[Betlen] I do not understand this! I don't understand how this concept could be applied in the present situation. At present the issue is not simply whether you more or less agree from a political standpoint. At this time you have a political dispute. In other words, what you call a party wants to pursue a different kind of politics than the Hungarian Way, Istvan Csurka's followers. The opposition between the two is entirely clear cut. I do not know how you could marry the two.

[Fur] There is no difference at the bottom line, at the level of basic goals. Not even now, insofar as basic goals are concerned. In other words, there is no difference between the two trends insofar as what we agreed to do, i.e., the way democracy, a market economy should be

established, the way society's, the Hungarian people's affairs should be handled. The way we agreed to act, to help, to move things on in those days.

[Betlen] You were asked by PESTI HIRLAP: Istvan Csurka demands a sharp turn to the right—do you approve of it? Your response began as follows: "Under no circumstance." Then you went on saying: "in this century every extreme brought terrible catastrophes to nations"... I repeat: This was your reply to my question, it expressly applied to Istvan Csurka. You did not even mention his name.

[Fur] You are reading this text incorrectly. The extreme Right is there in general. Read it again! My reference to a right-wing threat was meant in general! Not a word was said in that statement suggesting that I meant to apply this to Istvan Csurka. I said something entirely different. It could be that the question started out the way you said it did, and what I said in general was also true, i.e., about the kinds of catastrophes the two extremes produced in Hungary in this century: the extreme Right: fascism, and the extreme Left: communism. All of these created a national and societal catastrophe in Hungary. Let me mention the third solution—and this is the most bitter solution—to settle the matter somehow, in a cultured, decent way, to do perhaps what has been suggested by several people several times, to divorce somehow. But this divorce—if there is an intention to do so, and only then—should not take place under any circumstance with hatred, calling each other names, but in a manner fit to a democracy.

[Juszt] Such divorce suits are very rare!

[Fur] But they exist!

[Juszt] An agreement is very rare where the common property must be divided.

[Fur] Making divisions between children, property, or anything else is always the most difficult thing.

[Juszt] Things had been said here before, according to which the Hungarian Way Circles could no longer use the MDF's telephones and premises. The division prior to the divorce suit has already begun.

[Fur] Yes, but I am mentioning this only as one of three possibilities. This alternative must be chosen if there is no other realistic and viable solution.

[Juszt] You always express yourself tactfully, cautiously, and then your statement does not reveal where you actually stand. You were the number two man in the government, the deputy to the prime minister when you became the minister of defense. This is the way things were determined within the hierarchy. Then things began to change. What is your rank today?

[Fur] I must respond to several things. The first one: tactful expression does not mean that a person does not have his own views about things. I, too, express my views. I am not certain that shrill or extremist, sharp,

perhaps coarse statements advance matters, and that such statements better reveal the identity of a person or the essence of a political endeavor. I always endeavored to pursue sober, calm, balanced politics: I stood beside those who proclaimed such politics, because I was convinced that here and now, at the end of the 20th Century, in this country, moreover, even a broader scale, in the entire region, this kind of politics was greatly needed. This kind of conduct was needed. Responding to the rest of the questions: Your information is not accurate. I never was the second man in the government. There exists a substitution system in the government, initially I occupied the fifth place in that system, and last year, when the prime minister rearranged the substitution list, I became the third or second substitute after the interior minister.

[Betlen] Thus far we have been questioning you about your position as the managing director of the MDF, but you also have a second job: that of the minister of defense. (...) It would be pretentious to say that the present strength of the Honved forces could be maintained, while the state of the art of the technology could also be developed all at once, because there is no money to do both. Please tell us: for what purposes do you have money?

[Fur] There is money to enable us to ensure the functioning of the Honved forces. As the soldiers say: for the performance of the basic functions, and for the provision of the related conditions. Unfortunately, there is no money for more than that.

[Juszt] Is there enough money for the performance of the basic functions?

[Fur] There is!

[Betlen] This is highly questionable. They say that everything is falling apart: the technical conditions are catastrophic at the air force and at the armored units, the ratio of personnel costs is increasing—it has reached the 50 percent level of the military budget by now—and not even for exercises is there enough money left. Critics claim that an amputation is necessary. Something entirely different from what exists today should be invented; the structure we inherited should not be maintained. Something entirely different, that operates with a smaller budget must be invented, because there is not going to be any more money. In contrast, they claim that you are developing plans for the period ending in the year 2010, which include huge investment projects. Is this true?

[Fur] Insofar as the situation is concerned, the internal operational capability of the army is not as grave as depicted. It struggles with severe problems, and we never concealed this fact, we are talking about this everywhere, sometimes more than we should. But the situation is not that simple! The size of an army has to be determined, limited, based on at least three important factors. One is the given technological level of an army. The other is the degree of threat, the magnitude of danger faced by the

country to be defended. And third, the economic resources of the country. The size of an army can be reduced only if, under the conditions we experience today, we are able to develop its technology. Simply put: It is possible to make manpower reductions as long as we are able to provide for the same striking capability as we do now, but with a more developed technology. (...)

[Juszt] What is the defense concept today?

[Fur] Parliament is debating it right now. It is essential to provide for the defenses of the country. The conditions for such defense must be ensured from the military and other standpoints. This is what it amounts to, in brief!

[Betlen] Momentarily we may have to prepare ourselves for minor skirmishes, and one need not maintain a large army for those. Many suggest that the term of military duty be reduced by half for enlisted men, and this could save 15 billion forints per year.

[Fur] There are too many problems, they become intertwined! Returning to the size of the army manpower: it can be, moreover, must be reduced proportionately. This is what the military leadership says, and even the generals say this, and they are really experts regarding this issue. The army must be developed in the direction of having a smaller number of soldiers, moreover, an army with an increasing number of professional soldiers.

[Juszt] Isn't a professional army more expensive?

[Fur] Of course it is! Much more money is needed for that! At the same time, however, savings can be attained by reducing the number of soldiers, but technology also demands huge amounts of money. If we were to reduce the size of the army by a few thousand men, the resultant savings would not cover any, or just very little technological development for the army. Our professionals have made calculations: If we were to make a radical reduction in force and reduce the number of soldiers by 5,000, the resultant savings in the following year would only amount to 700 million forints. A single MIG-29 airplane costs between 1.5 and 2 billion forints. In other words, the savings achieved as a result of the reduction would cover the cost of half an airplane. These things are not as simple as you think. We must start out somehow, and we have done so. Many forget the fact that as of the end of 1989 the army had 150,000 men, today it has 100,000 people, including civilian employees. Only 76,000 soldiers serve in combat-ready troops. This is truly not a large army, while around us, our neighbors—and I don't want to describe now what kinds of, and what size armies they have. The exception is Austria.

[Juszt] But we are talking about technology, because technology can spare human lives. Technology makes defenses much more efficient.

[Fur] I fully agree! But this, too, requires money! Let me tell you why the old technology requires more people. Some weapons must be handled by six to eight people. The modern alternative of the same, i.e., using modern

guidance systems, requires only half that number of people! But several billion forints would be needed to purchase that equipment. Accordingly, this is why there is a concern! Most certainly, we should be modernizing, we have to modernize. The Hungarian Honved Forces have a grand plan, the one you referred to, which has already been developed to the year 2010; it describes the way modernization should take place, to truly raise the level of the combat technology of the Hungarian Honved forces to a level commensurate with that of the Western armies. I do not even dare to mention the related cost before the greater Hungarian public. (...)

[Betlen] You submitted the draft national defense law to parliament in February. The first six-party negotiations are taking place just now. What is your impression: Is it going to pass? I am asking this because the proposed legislation includes certain elements, certain proposed amendments to the Constitution, which require the support of a two-thirds majority in parliament. It contains a few elements which would make rather substantial changes in constitutional rules, rules which had been made part of the Constitution at the time of the system change. Notably: The government would have a greater direct opportunity to use the armed forces. I do not believe that this proposal has a chance of passing parliament, because it requires the support of a two-thirds majority, and the opposition would also have to support it. Why did you introduce this provision despite all this?

[Fur] Because it is needed, because our national defense law is a patchwork law, prepared in the 1970s. Even though some changes in the law have been made since, it is not responsive at all to the requirements of this day and age, and to the democratic constitutional structure. Nevertheless, its passage is hard to predict. The six-party negotiations began yesterday. Everything depends on the outcome of the negotiations. There are several disputed issues, including the one you just pointed out. For example: What authority does the government have in an emergency situation, or more accurately, what authority does the military leadership have in such situations, because the orders are issued by the military leadership and not by the government, not by the prime minister, and not even by the minister, but by the commander of the Honved Forces or by his chief of staff. (...)

[Betlen] Then you have the case of the 26 action companies—some of which already exist—as part of the border guards, but the law you propose would state that the border guards were not an armed force.

[Fur] The border guards are not part of the armed forces! No one said that it was not an armed force!

[Juszt] And why is this distinction important?

[Fur] It is essential, because these smaller conflicts—let's say, on the green border, on land—do occur. A terrorist group, a few fighting soldiers or insurgents stray over from any of our neighbors. Using these action companies, the border guards are capable of neutralizing these

within moments, and the army need not involve itself. In other words, the counter move cannot be regarded as a military provocation.

[Juszt] How many of the 26 planned action companies have you established already?

[Fur] Several, I do not know the exact number.

[Juszt] Could 19 be the correct figure?

[Fur] It could be! The interior minister could give you a more accurate figure.

[Juszt] Accordingly, you do not dispose over these units?

[Fur] No!

[Juszt] Are they not part of the Honved Forces?

[Fur] Not in times of peace!

[Juszt] How many of the 19 units are in Budapest?

[Fur] I don't know.

[Juszt] Three, according to one report.

[Fur] Really? It's possible. I don't know, because this is under the interior minister's jurisdiction. In times of war they are ordered, transferred under the Honved Forces. At that point the dispositional authority rests with the Honved Forces, or with the national defense leadership, or, to be more accurate, with the National Defense Council.

[Betlen] There will be some constitutional problems with this border guard issue! Certain constitutional guarantees would exist, if emergency conditions would have to be declared in such cases—and this is not a slow process, it goes fast. In such instances the population could be deported, but under the law, under controlled conditions. At that point all control would be exercised by the Military Affairs Committee of parliament. In other instances however—and this is the present case—if this is not an armed forces, its deployment would not require the proclamation of emergency conditions. On the other hand, if the border guards are not an armed force, the regular army should not be deployed there, because enlistments can only be made for military service.

[Fur] This contradiction can be resolved by amending the Constitution. This is part of our concept.

[Betlen] I would immediately go the Constitutional Court, if I were called up for military duty, and someone wanted to explain to me that the place where I was going to serve was not an armed force!

[Fur] We should really not begin clarifying here the meaning of the concepts "border regulations," "guarding the border," and "defending the border."

[Juszt] Even though it would be essential to do so! There is another issue in the proposed law: it deals with two

brigades, two Honved brigades, which would actually be excluded from this category.

[Fur] No! They would not be excluded, instead, in case of an unexpected local conflict the commander of the Honved Forces could deploy forces corresponding to the strength of two brigades. This is what the law would authorize, it would grant this authority.

[Betlen] What kinds of local conflicts are we dealing with here?

[Fur] There is fighting at the Southern border of the country, for example....

[Betlen] What would happen if one could disregard the rules pertaining to emergency conditions? Could the army be deployed inside Hungary in case of a conflict?

[Fur] Under no circumstance. Neither the army nor the two brigades!

[Betlen] The military could be deployed if public plants were disturbed, according to the legislative proposal, and notifying parliament would be all that's needed. Not even the word "advance" is included before the term "notification." Obviously, there is no time for that. All I want to say in this regard is that the Constitution provides that armed forces can only be deployed in such cases after deploying the police. In other words: if the police does not prove to be strong enough. Secondly....

[Fur] The border guards exist, their function is to secure....

[Betlen] I am talking about public plants! I suspect that the intent behind this legislative proposal is to have a "taxi blockade" law.

[Fur] That's out of question! It has to do with something entirely different! After deployment one has to report to parliament and to all existing constitutional authorities immediately. This is impossible!

[Betlen] The Constitution makes this possible under emergency conditions, and only after the police. The Constitution should also be amended in this regard....

[Fur] But this cannot be done if a situation evolves rapidly! Proclaiming emergency conditions, an extraordinary condition according to the rules—let's say in the summer, when parliament is not in session, and when the representatives can be found in various places in the country....

[Betlen] Then the parliament need not be convened. The Constitution provides that three people must talk in such cases: the President of the Republic, the Prime Minister, and the President of the Constitutional Court. This goes faster than convening the military staff.

[Fur] They would be notified instantly!

[Betlen] I understand that! But they are able to proclaim emergency conditions when parliament is not in session.

[Fur] This is true!

[Betlen] It goes very fast!

[Fur] But no one wants to delete that provision!

[Betlen] Of course you do! What we're dealing with here is as follows: They could be deployed in order not to have to declare emergency conditions, with subsequent notification to parliament. This is what the legislative proposal says.

[Fur] Well then, let's go through this once again! Let's start at the beginning. Totally unexpected, a unit breaks into Hungarian territory in a matter of moments or minutes. Using appropriate channels, the commander of the Honved Forces receives immediate notice. What should he do in such a case? He issues a command to neutralize that unit! There is no time to notify all constitutional authorities, because orders must be issued immediately. What should the minister of defense do at that point? He would quickly call the prime minister and the president of the Republic to notify them that this has taken place. Thereafter parliament would have to be convened quickly, and informed immediately. That's all there is to it.

[Betlen] I regret to say that in my interpretation this is not what the legislative proposal has to say. It even includes a provision that mobilization may be ordered in the absence of an emergency condition.

[Fur] That's out of question! I don't think you are sufficiently familiar with the legislative proposal. (...)

[Juszt] What is your view of FIDESZ' [Federation of Young Democrats] 16-point submission to the Constitutional Court, in which they express the view that the service rules are unconstitutional. The best known excuse: a soldier must obey orders even if he must surrender his life, and this sounds rather odd in times of peace.

[Fur] This has been the case so far. Based on the old service rules and the old laws, several provisions mentioned in the 16 points need to be changed. Obeying orders, however, is one of the very sensitive points: If needed, he has to do so even if he has to sacrifice his life. In what situations does this hold true? It should be obvious that if an order without purpose, or an order that serves some selfish interest is issued, or serves that purpose, it need not be obeyed. We must find the appropriate legal forms to express this within the national defense law itself. But if, let's say, we are attacked, if anything is attacked, and a unit must be deployed, in such cases, unfortunately, there is no excuse, the order must be obeyed, even if both the person who issues the order and the person who obeys the order is aware of the consequences. And mind you, I, the humanist is the one saying this.

[Juszt] Should we understand this to mean that most of FIDESZ' 16 points have been accepted?



[Fur] We are debating this at present, and in the course of the six-party negotiations some of the points are obviously going to be incorporated.

[Juszt] Almost three years ago, shortly before you were appointed as minister you said in the program "Kinn, padon," here, at NAP TV: "I hope that I am no longer going to be the defense minister by the millennium." In what capacity would you like to view the year 2000?

[Fur] As a peaceful, retired Hungarian citizen, living in my small house in the countryside, I would like to look forward seeing the OSSZTUZ program on Thursday evenings. Your successors would be seated there, and so would the defense minister of the then MDF coalition government; he would respond to your questions. At that time, too, he would be the managing director, and the chief issue debated would be why the MDF was not breaking up, why it was so calm and why it was so united. How could the size of the army be increased somewhat, because young people were standing in line to enlist as soldiers. How could we provide spare parts to the German Federal Republic?

#### \* Boross on Political Situation, Stability

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in Hungarian 9 Apr 93 pp 4-5

[Part II of interview with Minister of the Interior Dr. Peter Boross by Karoly Alexa; place and date not given: "Hungary Is, Indeed, Stable"]

[Text] *If I am permitted to make a private reference to the atmosphere of this conversation, let me say this much: From my standpoint the greatest thing brought about by the system is that one does not have to be afraid of policemen. One need not make himself look small and lift his shoulders up when passing patrolling "yards," and one need not turn his head away when passing by the impressive peacetime palace of the Interior Ministry on Roosevelt Square. And in the breeze of black jacks waved—let's say by Comrade Benkei or Bela Biszku—who could have thought that one day we would have an interior minister capable of, and inclined to discussing the philosophy of history with a disarming (sorry for the expression) charm and charming firmness, while discussing the work of the Ministry of the Interior.*

[Alexa] Acknowledging what has been said before, one cannot neglect reiterating the unfortunate journalistic contrast, according to which the government is rather liberal in terms of its actions (liberal is a cuss word, a formula for a curse in this context, of course), while the national ideal is once again being forced into latency, and must take refuge in the thick of cane fields.

[Boross] To say that the government of today is implementing a liberal program reflects a limitation that may be qualified, as long as we understand this term to mean that certain left-wing liberalism, which has more or less been dumped in Europe. On the other hand: Who would claim not to be a liberal today in a certain sense of that

term? The British Conservative Party and the German Christian Democratic Party also have a good dose of liberalism. If this adjective was expropriated in Hungary to mean a certain interpretation only, the present government could not be called liberal at all. Assigning this adjective to the government is also ridiculous, because, at the same time, I am told by the Left that the Ministry of the Interior manifest centralizing endeavors....

[Alexa] And what if we think of the MDF [Hungarian Democratic Forum] election promise of establishing a relatively broadly based national citizenry with a reassuring financial background?

[Boross] I believe that the actions of the government and the manifestations of its individual members appropriately underscore the nation and the national interest. I, too, have attested to my ideals countless times. And the promise to establish a middle stratum.... Well, where do we stand today? We had 30,000 entrepreneurs in this country in 1990; today there are 600,000 of them in groups or as individuals, which, including family members, amount to 2 million or 2.5 million people. I wonder to which stratum these people belong, people who have been entrepreneurs for the past two or three years? Isn't that the middle stratum? Is the body of Hungarian public officials not part of the middle stratum? What is this yearned for middle class which has not materialized? Is it going to become visible only when an alphabetical list is published showing that "these are the members of the national middle class"? This is ridiculous. One can feel and sense in Hungarian public life how a middle stratum is taking shape—from an existential standpoint, financially, in terms of style, common ideals, outlook, and fashion. Quite naturally, more time is needed before all this fully evolves.

[Alexa] The people who worry most are those who feel that they did not receive enough capital in the course of the "first large distribution," in other words, when the remainder of the capital was distributed. Many feel that as a result of this, not only they, but also their descendants are excluded from civil social development.

[Boross] And does this suggest the conclusion that the evolving middle stratum is an assembly of thieves? The privatization process is awful difficult, of course. It cannot be performed well, one can do the least wrong, at best. In the course of such transformation the action choices available to the government are very limited, we are saturated with constitutional limitations. In Hungary the framers of the Constitution and the legislative law took steps to deprive the government from the possibility of acting quickly. I am referring to a certain system by which land would be returned, as developed by the government in the summer of 1990, but the Constitutional Court regarded that system unconstitutional. Had the Court not done so, the land issue would probably be settled by now. We are faced with obstacles, which I—and I make no secret of this—regard as exaggerated when managing a period of transition. The legal order that evolved under the previous government does not



enable us to act differently or faster, and a model for respecting the constitutional order, one that is mandatory from the standpoint of every person (including self-restraint) has not yet evolved. I am referring to the failure to act regarding the relief of the two media presidents.

Returning to the original topic: The so much missed middle stratum is in the process of evolving. The only thing I do not know is why we are always mentioning entrepreneurs in conjunction with this issue, and why we do not talk about dentists, too? How about banking officials? It would be silly to announce that "a Hungarian national middle class has evolved"; but it would also be irresponsible to say that "there is no Hungarian middle class!" And this stratum is not evolving because someone is developing it; in a civil democracy a stratum like this evolves through natural processes.

[Alexa] To what extent are the sentiments, the political outlook of this evolving middle stratum linked to the sentiments and political outlook of the ruling coalition parties? Are they not going to turn toward other parties, in an expectation that those parties are going to do more to protect their interests than what they experience, or perceive to experience today?

[Boross] Everyone expects more when it comes to protecting his own interests. Including the railroad workers, the teachers, and the policemen. Those who, by far, do not experience unfavorable situations also expect more. A certain misery propaganda is being fueled here. It is possible to play an irresponsible game with numbers. One hears: "four million people live below the existential minimum already." One can throw in such sentences irresponsibly; such statements, however, do not convey the sense that never before has there been a Hungarian government that has made such great an effort, and such great sacrifices as ours, for example, in regard to maintaining pension levels. And we should add to this that the previous government—still in the 1980s—used the social security surplus for another purpose. Just think of the number of people who are grateful to their physicians or to a hospital for becoming cured. But when it comes to statements, we hear that "health care went bankrupt, it was ruined, it fell into an impossible situation."

The entrepreneur—previously some minor subordinate—has harsh words for the government, but then he hops into his fancy car and rolls away. This is a formula. These people may conduct themselves this way until the elections. Some forces are able to project a more favorable image, but upon taking power they would create confusion throughout the entire country simply because these people are not suited to govern. There won't be any fancy cars if these people believe both promises to materialize all at once: that taxes will be reduced and that support for health care will increase. But they will ponder this issue very thoroughly when they stand next to the ballot box. What could a single-interest party—such as an entrepreneurs' party—do after acquiring power? If it supports only its own constituency and

grants all the benefits to that stratum, it is going to be forced to take away from the rest of the strata. A serious, credible party must think in terms of the entire nation, this is the only way it can develop a program. Who is not aware of the fact that social security contributions have reached unrealistic high levels, at the same time, who is not aware of the fact that momentarily there are no other funding sources to finance pension and health care? The government has enough sense: it would reduce social security contributions and taxes even more with a smile, if this were possible. And the whole country would go bankrupt in the course of a year. Let us not forget that the state's indebtedness increased by \$9 billion between 1985 and 1989. The socialist order could not be continued in its own misfit form because external resources had become tight. The government could get by very well by annually increasing its debt by \$1.5 billion. A great many things could be balanced with these 140 billion forints, but what would happen to our children and grandchildren?

[Alexa] One more item that belongs here: the way the government handles employee interest groups. They are talking about arrogance, divisive intrigue, inflexibility, trickery. Metaphorically I would make reference to NEP-SZAVA's "way of thinking."

[Boross] Daily political trickery is not characteristic of this government, it is not as shrewd as it should be. This is a characteristic of the other side. The government has made significant gestures to achieve cooperation with trade unions and other interest groups; this could also be seen in the course of preparing the '93 budget. The main difficulty is that the government's negotiating partners are simply not competent to negotiate. Even if the government reaches an agreement with a large organization, one of its member organizations may threaten the next day with one thing or another. When negotiating, leaders of large organizations are not always certain about the support of the trade union organization which they represent as a matter of formality. Why is that so? This is so because in Hungary the trade unions have not fully evolved either, of course. They are, in part, inherited organizing efforts brought over from the past system, and, in part, experiments which have no chance for succeeding. In many instances one cannot tell the number of members they represent. More than one organization, association exists in Hungary which does not have a single member aside from its board of directors. Despite this fact they receive publicity in the mass media; one or two statements attacking the government suffice to obtain such publicity.

[Alexa] Thank you for the things you said thus far. It is my impression that as a result of your statements we were able to deal with all the issues that pertain to the topic of this discussion. As an addendum, permit me to ask a question, that is becoming increasingly unavoidable with the approaching elections. Why does the government not endeavor to pursue a far more firm press policy, to use the nice old term from the party state?

[Boross] The government has been terribly overloaded with work for the past three years. Not only is the government preparing a mass of legal provisions, the organizational streamlining of state institutions and the modernizing of their attitude toward work is also taking place. At the same time, the kind of publicity government statements receive is worth observing: There are only a few press reports on press conferences reporting results, and even those are gray. Although the Interior Ministry has established relatively acceptable relations with the media, I could still list a few recent, outstanding achievements of the police which were publicized only as part of the daily news. I am referring to the highway bandits armed with submachine guns who were caught as a result of a truly daring investigation, and to a similarly daring investigation that netted money and compensation voucher counterfeiters in the third district. In contrast: The entire press treats a police officer who becomes a traitor to his organization and says one or another thing as headline news.

Have you heard a single word of praise during the past two years in interpellations raised by the opposition—a time period in which the police, the border guards, and the fire services had already achieved significant results? The border guards have captured 30,000 persons illegally crossing the borders with the help of the action companies we established. The Austrians returned to us 3,600 persons who illegally crossed the border, and I am mentioning this to show the ratio. Performance is not the ever-returning topic, instead they question why those action companies are needed, especially because they are part of the Interior Ministry. In other words, the way things are made to look is set. Some of the journalists are over-politicized, and a clear political trend can be seen in the policies followed by certain newspapers. In any event, one finds a disproportionate difference if one compares the number of reports attacking the government, with those which recognize its achievements.

No denying, I am not willing to make statements to some newspapers. When I say that the press is over-politicized, I must also call attention to the great responsibility of the press. Jozsef Torgyan has launched his election campaign two weeks ago; he announced that he would like to become prime minister. This piece of news alone would not have carried the appropriate weight, therefore something extra had to be added to call public attention. The "statement" of the four former policemen served this purpose. In this case, the means used for political purposes was, in my view, damaging from the standpoint of the public good. The new leadership pays very careful attention to the purity of the police force: Anyone who does not meet the ethical standards for one reason or another, either leaves or he is let go. These people feel offended, and therefore are capable of doing many things. The result: A scandal that lasts for weeks with the appropriate publicity. The relationship between the government, office holders and the press can well be seen from the fact that while in a given situation the "accusers" endeavor to receive—and they actually receive—

continuous publicity by telling additional, new stories, and by coloring the stories, the "incriminated" are unable to make statements regarding the case until the completion of the official fact finding investigation by the prosecutors. People aiming to acquire or reacquire power by any means, have press relations all the way down to the tabloid newspapers. The outlook and morality characteristic of the ruling coalition is incapable of, and is not inclined to using such means.

#### \* SZDSZ's Foreign Policy Program Summarized

93CH0585C Budapest NEPSZABADSAG in Hungarian  
21 Apr 93 p 3

[Article by Andras Desi: "A Foreign Policy of Practical Steps: The Alliance of Free Democrats Is Concentrating on Integration Into the European Community"]

[Text] The SZDSZ [Alliance of Free Democrats] is not thinking in terms of a so-called relational foreign policy, country by country.. Instead, in its conceptual plan for the extended range, the SZDSZ identifies three areas of key importance. These are: Hungary's relations with the European Community, regional cooperation, and security policy.

This is what Deputy Istvan Szent-Ivanyi, the deputy chairman of the Foreign Affairs Committee, told our reporter in conjunction with his party's intention to make the conceptual plan public on Thursday [22 April].

Purposeful preparation is necessary for becoming a full-fledged member of the EC, Szent-Ivanyi said. In his opinion, there appear to be serious lags in the domestic political aspects of integration. The public is still not being prepared adequately for the consequences of future integration, and there is also a phase delay in harmonizing the domestic legal system.

The foreign-policy ideas of the SZDSZ differ the most from the government's conception on the interpretation of regional cooperation. The SZDSZ wants to pursue a practical policy of small steps. Which means that the party is urging the improvement of relations even with those countries with which no great breakthrough can otherwise be expected. The Free Democrats foresee further progress primarily through the development of economic cooperation, the formation of free-trade zones, and the opening of new border-crossing points. That will prove useful to the local population, including the ethnic Hungarians.

In the policy on ethnic minorities, the SZDSZ supports the government's standpoint before international forums, and the resolutions that international bodies—especially the Council of Europe, which is devoting special attention to ethnic minorities—have adopted to protect minority rights. In other respects the liberal party supports also the conclusion of bilateral international agreements to spell out the rights of minorities.

"We are not treating the cause of the ethnic minorities as basically a question of security policy," the deputy chairman of the Foreign Affairs Committee pointed out. The SZDSZ interprets security as a composite concept that comprises, in addition to the ethnic minorities, also other elements: protection of the environment, aid to refugees, and the war on crime. Furthermore, security policy is not merely a military issue, although there can be no doubt about the need to maintain an army, Szent-Ivanyi argued. He added that entire foreign policy must determine the country's security. It is Hungary's objective, and in its interest, to join—though not in the short term—the European security system.

"In bilateral international agreements Hungary can pledge not to seek changes in the present borders even through negotiations," Szent-Ivanyi said. In conclusion he added that, to correct any misconceptions and to dispel the tensions over this issue, the SZDSZ is advocating completely open borders.

**\* SZDSZ's Tamas on Political Process**

93CH0594D Budapest TALLOZO in Hungarian  
9 Apr 93 pp 648-649

[Interview with Alliance of Free Democrats Representative Miklos Gaspar Tamas by Attila Szalay; place and date not given: "One Cannot Have a System Change Every Four Years"—reprinted from NEPSZAVA 5 Apr 93 page not given]

[Text] [Szalay] You have been harassed a lot by the authorities prior to the system change. Could I use the police style to begin our conversation?

[Tamas] Okay.

[Szalay] Name?

[Tamas] Miklos Gaspar Tamas.

[Szalay] Place and date of birth?

[Tamas] Kolozsvár [Cluj Napoca, Romania], 1948

[Szalay] Since when have you lived in Hungary?

[Tamas] 1978

[Szalay] Marital status?

[Tamas] Married.

[Szalay] Financial situation?

[Tamas] No assets.

[Szalay] Bourgeois?

[Tamas] A member of the intelligentsia.

[Szalay] Occupation?

[Tamas] Philosopher.

[Szalay] Are you not a politician?

[Tamas] That's my work.

[Szalay] Since when have you been a representative?

[Tamas] Since January 1990.

[Szalay] What political offices do you hold?

[Tamas] National Assembly representative, chairman of the SZDSZ [Alliance of Free Democrats] National Council.

[Szalay] Did you feel a sense of satisfaction when you got into parliament?

[Tamas] I did, when my constituents accompanied me to parliament as part of a minor demonstration. One of the banners read: "We love you Gazsi." My picture appeared in STERN. Yes, that was a nice, happy moment. But I did not feel satisfaction for defeating my opponent.

[Szalay] As long as you so vividly recall everything, I must ask whether you are a vain person.

[Tamas] This is not a matter of vanity. Or, if it is, it's only to a very small extent. No, I am not vain. At one time someone—a very smart woman—said about me that I was not vain, because I was arrogant. These are two opposite characteristics, let everyone judge for himself. The self-esteem of a vain person depends on the judgment of others, and this is not the case by me.

[Szalay] Do you recall your first day in parliament?

[Tamas] I do.

[Szalay] Do you sometimes reminisce about that day?

[Tamas] Very seldom.

[Szalay] On what occasions?

[Tamas] In the present parliament, in my moments of disappointment.

[Szalay] What is the reason for your disappointment?

[Tamas] I support parliamentarism more than the average people, but no one can be satisfied with today's Hungarian parliamentarism. My reason for being dissatisfied is different from the reason for dissatisfaction a majority of the electorate feels, but I am at least as dissatisfied as they are. I thought that the elections would truly signal a new beginning, not only from the standpoint of constitutional and public law, but also because life would be different.

[Szalay] But you were one of those, who almost naively believed in this arrangement. For example, regarding the pact reached by the SZDSZ and the MDF [Hungarian Democratic Forum] you said that the two-thirds majority requirement in legislation was not needed, even in places where it remained. How much more disappointed would you be if these two-thirds laws would not restrict the power of the coalition?

[Tamas] This is not the case. I believe—and in this regard I agree with Laszlo Salamon, the MDF's constitutional law expert, and with the experts at the Constitutional Court—that having two-thirds laws is not really a good thing. Although I do not like the present government, and although by virtue of the two-thirds laws one could prevent a lot of bad decisions from materializing, the sheer existence of two-thirds laws blurs the distinct borderline between the coalition and the opposition. And it does the same with pinning down responsibility! Under consolidated political conditions the government should govern, and it would be the opposition's function to criticize, and the primary purpose of parliament should be to ensure that governance took place in the open....

[Szalay] Under consolidated conditions....

[Tamas] Yes. I recognize the fact that the two-thirds rule makes sense, but only from a technical standpoint. In the long term, one cannot have a political system based on a lack of confidence in the government. Believing that the political structure of the country is of a kind in which generally, we cannot trust the government because it does or could do crazy things, and therefore we need a strong brake like this one, only goes to show that Hungarian democracy lacks self-confidence.

[Szalay] But political conditions are not the only things that need to be consolidated. The system change should transform the entire society, and this function is not to be performed through governance alone.

[Tamas] Well, this is interesting, and to this extent—but only to this extent—Istvan Csurka is correct. Indeed, a system change has not occurred. The MDF government is overly timid, it retains an incredibly large number of things from the old system, the old conditions. Parliamentarism is immature because the change that occurred was not distinct enough, it was not firm enough, and not in the reverse.

[Szalay] Accordingly, you believe that the source of our trouble is that as a result of the elections this government, this political program came to power. The ones with whom one has to quarrel.

[Tamas] To say this would be an oversimplification. The way I see it, people in 1990 voted for the moderate reform line of the early 1970s, with the condition that the MSZMP [Hungarian Socialist Workers Party] which had become compromised, be replaced by a new government. I am not happy about this, but I can understand what has happened. And the events that transpired since, as well as various scientific investigations, clearly demonstrate that a majority of the East European nations support a moderate reform platform. In Hungary, Rezso Nyers suffered a political defeat, but the reform measures of Rezso Nyers continue. In reality, this was what the MDF had promised, this was what its mandate had called for, and this is what it has been doing all along. The fact that in the meantime, and in other respects the MDF has become radical in the framework of a "law and

order" ideology came as a surprise to the Hungarian public. When the public rejects the MDF policies today, it is rejecting this radical trend, in addition to the bad economic policy. Unfortunately, a majority of the people support a program of the social democratic kind. A transition to real liberal capitalism is viewed with very great fear. Therefore in 1994 it could once again occur that people wish to choose a different team—supposedly the liberal parties—to implement a program of the social democratic type.

[Szalay] Well then, the trouble is that at the time of the system change no agreement was reached between individual groups of the political elite on the one hand, and between the elite and society, on the other. The things that had to be done were not described clearly and accurately.

[Tamas] Wrong. The agreement had been reached, except that no one took note of it. The trilateral national negotiations did represent, for example, the Moncloa Pact.

[Szalay] Indeed, it did take place, insofar as this agreement was a reconciliation of power. But the trade unions, for instance, were left out of this.

[Tamas] This is an issue subject to continuous political discourse; one cannot reach agreements regarding everything all at once.

[Szalay] But if the primary reason for a system change was the economic dead-end street, it should be clear by now that a cautious, social democratic type program would not be suitable to remedy the problems. In that case an actual change would be needed. In order to make such a change one would have to reconcile things with those who wish to implement cautious reform measures.

[Tamas] This is not exactly the way you put it, although I am all for a consistent liberal program. The system failed not because of economic programs; the economy is one element of what has happened, and it only led to increased tensions under the given situation. The main reason for the system's failure was moral in character, it failed because of the many lies.

[Szalay] Except for the fact that the state party was forced to tell all those lies for economic reasons.

[Tamas] In part. But it was primarily the nature of the system that forced the leaders to tell lies. Hungarian society, on the other hand, has modernized itself quite a lot during the 1970's and 1980's, and it no longer tolerated censorship, force and political oppression. The Hungarian people's desire to be free must not be underestimated. I dare anyone to try to take away the freedom of the Hungarian people. That person would truly regret what he wanted to do.

[Szalay] In response to the weak changes and to an MDF becoming radical, there might evolve a client system, a gentroid type in the course of four years, built on the state bureaucracy, and one that could hold the reins of



the economy and of civil society. Among several reasons, this could occur because the new power structure has preserved a lot of means from the state party, which ruled by using similar means. Do you share these concerns?

[Tamas] Of course I share these concerns; I was first to say that in these days a client system was evolving in Hungary. What's happening to privatization? A nationalized privatization has started, and the assets are being distributed. But in a sense this is a nationwide process, it organically flows from the Kadar system, insofar as that system, too, began to change in that direction in its final years. The centralizing features of the system began to disappear, and a large-scale distribution of economic power began. This continues under the Antall government. The government is the donor, the distributor, and thus it acquires economic power and political influence. Privatization, the distribution of assets goes so slow in order to extend the donation process for a long time, and to thus control people. This is an understandable ruling tactic, but at the same time also an election tactic. But this kind of thing has very deep roots in East Europe, where capitalist development was always a process directed by the government. Let us recall the corruption around the turn of the century, the state railroad construction loud with financial scandals, or the military deliveries. No ifs or buts about it, this is a system built on corruption. This has not changed.

[Szalay] This system, built on a clientele, however, is inefficient from an economic standpoint. If for none other, for this reason the next government is going to be forced to take action. Action, on the other hand, is limited by the client system. The trap has been set, and the opposition is also responsible for that. Isn't it?

[Tamas] The opposition never surrendered its intention to become involved in establishing a system after the system change. Just think, where would we stand today, had the opposition, the SZDSZ, together with the public, exerted influence upon the coalition, the government. We made mistakes when we endeavored to reach senseless compromises, for example. And yet, the MDF program, approved by Csurka and by a majority within the party, could not be implemented. Having said that, the fact is that the situation that evolved is going to greatly restrict the options available to the next government. Two things must be considered in this regard. One is certainty regarding the laws. One cannot organize a system change every four years. It would not be beneficial to change measures and institutions which had already taken roots. The other aspect is that there are an awful lot of people who can thank their positions, their existence to the present government, and therefore are obligated to the present political power, in the feudal sense of that term. The next government must reach a compromise with these.

[Szalay] How could a compromise be reached with an economic group, which profits not from competition in the marketplace, but from advantages, contributions

provided by governmental policies? After all, every measure aiming to strengthen market conditions counters their interests.

[Tamas] One should not take administrative actions moving in the opposite direction. There should be no mass dismissals, for example. But a strengthening market will, undoubtedly, strike the leaders and owners who got where they are based on counter-selection.

[Szalay] If all that has taken place in the course of four years is a result of organic development, among other things, then this holds true not only in regard to the situation of the new political and economic elite, but also regarding the situation of the citizens and employees. Insofar as they continued to accept the charitable, paternalistic state, one that promised paltry security in exchange for political power. Would the new government have to reach a compromise with the people, if it promised a forceful market and economic competition?

[Tamas] A certain segment of society cannot exist without state social welfare provisions, even under liberal policies. But these are not primarily employees, they are pensioners, children, and people, who, as a result of the terrible health conditions in this country, are unable to work due to their illnesses. Providing for them is simply a moral issue. I believe that market rules which encourage competition should be restricted to fields where people are free to move around. But the economic system change must begin by all means, even if it is not going to be easy. It is obvious that many issues will be decided in the course of struggles with the trade unions and in agreements to be reached with them. But it is very important that the economic system change be dealt with separately from caring for dependent people, because insofar as they are concerned, there is no room for either competition or for bargaining.

[Szalay] Having said all that, how do you view the country? What are the chances for modernization, which is at least doubtful, based on what has been said.

[Tamas] After the trials and tribulations, and conflicts of the past three years, everyone deserves a more calm, more staid, more objective style of political discourse. I don't think anyone is interested in the empty pounding of chests that come from the Right, the Left, and the Center. As we approach the election campaign, people become increasingly curious about the kind of world the various parties have to offer. Because it is true that Hungarian public life is filled with all kinds of statist, corporatist and clientist remnants. But this society also has an awful lot of modern islands, where there is much room for individual imagination, for enterprising, and for independent thinking. The SZDSZ must rely on people who live on these islands, or who would like to transform this group of islands into a continent.

[Szalay] This sounds very nice....

[Tamas] I think so too.

[Szalay] ... but aren't you concerned that an intertwining of right-wing and left-wing populism is going to take power, or that "national conservative" policies are going to gain strength, and that a limited multi-party system is going to evolve like the one before the war? You said it, after all: the latter has traditions in Hungary.

[Tamas] I am concerned about something else. I am concerned that we are going to embark on a long-term decline, in which people will defend democracy because they do not want dictatorship, but will do nothing more....

[Szalay] Isn't the government going to change next year?

[Tamas] No, that's not the issue. People are dissatisfied with this government and will vote it out of power, I am certain about that. The democratic public will have enough strength to do so. But democracy would truly succeed, if the necessary changes of a revolutionary scope would take place with the sympathetic support and participation of the public, and not only with the people simply tolerating the measures that must be taken. The latter would, by all means, lead to a decline, because the content of reform consists not only of the measures, but also of people following those measures.

[Szalay] So then, do we have to worry that this, or some other conversation is going to be finished in a true and real police style?

[Tamas] No, you don't have to worry about that. Don't you? No, you don't.

### **SZDSZ Stake in Local Elections Delay Viewed**

93CH0594B Budapest HETI MAGYARORSZAG  
in Hungarian 9 Apr 93 p 5

[Article by Hungarian Democratic Forum Representative Zoltan Speidl, under the rubric "Parliamentary Corridor"]

[Text] Even on the bus I heard someone say that the local elections would be postponed. In making this statement, my fellow passenger did not use the conditional term, instead he treated the matter as an already decided fact. Based on the latest recording at Godollo of TV's "Vital Issues" with Interior Minister Peter Boross, MAGYAR HIRLAP reported that all he had to say was that the scheduling of local elections was the subject of debate.

The SZDSZ [Alliance of Free Democrats] chairman of the National Assembly Committee on Local Government gave a hunch far broader than that: He declared that postponing the elections was justified from a professional standpoint "because allowing the new parliament to take positions regarding necessary corrections in the local government law and in public administration would be beneficial." The chances for this would be slim, however, because representatives would have only a few months to make the appropriate changes, according to the chairman. "At the same time one cannot disregard

the fact that the mandates of local representative bodies and mayors call for four year terms, and that it would be a political mistake to postpone the elections without hearing the views of the citizenry," Wekler continued. This then suggested a "need for a societal consensus on this issue."

I would preface what I am about to say by stating that the local government law most certainly needs to be changed in quite a few places, nevertheless, in my view, what they have in mind goes far beyond the correction of mistakes. This becomes even more apparent if we consider that a few months' time was enough for the present parliament to complete a brand new local government law, and so I strongly doubt that changing a few sections of the law requires more time than creating the law itself.

This holds true, unless Wekler has in mind the future creation of a brand new law. But an idea like this could cross his mind only if today's opposition was assured of an SZDSZ victory. I truly believe that the issue has been raised for this reason.

At stake is not whether a new law is to be created, or the old law is in need of a thorough revision. The issue pertains to something entirely different, notably to the idea that in contrast to the present "dual" power, they are aiming for monolithic power. As we all know, today's Hungarian Government is in the hands of a coalition majority, while most local governments, especially in the cities, are ruled by the opposition—mainly by the SZDSZ, and to a lesser extent by FIDESZ [Federation of Young Democrats]. In most instances with little success. Let us recall the local government scandals raging in Budapest and in quite a few large cities in the countryside; almost every lead actor in these scandals is a mayor recruited from the opposition.

What follows from all this? Along with their hoped-for SZDSZ-FIDESZ majority government they could control a majority of the local governments only if local government elections were postponed by one year. Short of that, today's duality could repeat itself: the ruling parties would control the government, and the opposition the settlements.

A situation like this can be prevented only by postponing the elections.

Why? Because improving the image of the not exactly gloriously functioning local governments, (and I stress: primarily the cities, the control of which is a key issue from the standpoint of the opposition), i.e., maintaining the hope that the opposition—in their minds the ruling parties by then—would also manage the large settlements in the future, would require a quick financial blood transfusion, even if such transfusion was to be to the detriment of today's mostly successful small settlements accommodating a majority of the Hungarian populace.

Even mayors not belonging to the ruling parties admit that many long-neglected small settlements with less

partisan strife than elsewhere, have taken a big step forward, and have shown progress of a kind not seen for decades.

In other words: time is needed to make up for the work not performed, to use up the transfused funds, and to beautify the record of those who rule the cities today. At least a year is needed, when mayors and local legislative majorities no longer have to frustrate and discredit the new government as they do with the country's leaders today, but instead can point to the past and make voters believe that in the past they were able to do (almost) nothing because the previous government did not let them do anything.

And if today's perceptions become a reality, we will have a nice, new world, according to the SZDSZ prescription.

**\* Justice Minister on Prosecution Law Draft**

93CH0560A Budapest MAGYAR HIRLAP  
in Hungarian 1 Apr 93 p 5

[Interview with Istvan Balsai, minister of justice, by Karoly Lencses; place and date not given: "I Would Have Brought Charges"]

[Text] *"In the matter of the rolling dollars I would not have agreed to close the investigation, but rather, had I been in a position to do so, I would have brought charges," Istvan Balsai, minister of justice, told our reporter. We learned from the minister that the government is expected to discuss the draft of the prosecution law, as well as the related constitutional amendment today. The purpose of these drafts is to place the public prosecutor's office under the direction of the minister of justice.*

[Lencses] Parliament passed the government's law on justice [in relation to communist era political crimes] almost one and a half months ago. What happened since?

[Balsai] According to my information, the Constitutional Court will take a position in the matter at the end of April or the beginning of May; thus, justice will be delayed a few months. However, in the meantime, reports concerning 20 cases of firing volleys arrived at the public prosecutor's office, and I myself am in favor of initiating at least a fact-finding investigation in these cases. This can no longer be postponed because a similar process is already under way on account of the Mosonmagyaróvár case. Incidentally, the investigation is being conducted in accordance with procedural regulations; thus, once the Constitutional Court makes its decision and the law is enacted, the folders simply need to be labeled "indictment."

[Lencses] The head of the Smallholders Party recently labeled the prosecutor's office a branch of the police, and considers it unacceptable that alleged offenses against him be investigated by this organ.

[Balsai] If I had to take a position in this matter, I also would not have chosen the fact-finding investigation by the public prosecutor's office, because false accusation is a crime....

[Lencses] And if the police is right....

[Balsai] Indeed, in that case another, not less serious crime was committed, in which case investigation should have been ordered.

[Lencses] Dr. Torgyan is not alone with his position, because in connection with certain decisions, others have also suggested that the public prosecutor's office, which has up to now been accountable to parliament, is already under the government's influence.

[Balsai] Unfortunately this is not the case, because if we really had the opportunity to influence the activity of the public prosecutor's office, in certain cases a completely different decision would have been made.

[Lencses] Can you give us an example?

[Balsai] In the case of the rolling dollars, I would not have agreed to close the investigation, but rather, I would have brought charges, so that the court could take a position.

[Lencses] In your opinion, is this the proper time for the government to make a proposal about changing the constitutional status of the public prosecutor's office?

[Balsai] I think there is a chance to reform prosecution law and to pass the necessary constitutional amendment, because the positions of some opposition politicians are beginning to approach that of the government. In connection with this matter, it is worth recalling that at the former oppositional round table there was no discussion about changing the constitutional status of the public prosecutor's office. Of course, we cannot forget that to achieve all this, the support of 255 members of parliament is necessary. Incidentally, the government is discussing the proposal today, and if it is accepted, we will renew the coordinating talks between the six parties which were interrupted, although through no fault of our own.

[Lencses] How would the public prosecutor's office function subordinated to the government?

[Balsai] I would be able to instruct the public prosecutor's office to bring in an indictment or take a matter to court. However, the license of the justice minister would not extend to stopping procedures already under way; in other words, the government could not prevent cases which are perhaps inconvenient for it from reaching the court. Also, the prosecutor general would be nominated by the government, instead of by parliament, and the leaders would be appointed by me on the basis of applications.

[Lencses] Does the proposed change concern the competence of the public prosecutor's office, thus, for instance, its general supervisory authority over legality?

[Balsai] According to the government's proposal, we would restrict the general supervisory authority of the public prosecutor's office over legality, because in numerous cases this role could be assumed by jurisdiction by public administration. At the same time, the public prosecutor's office would continue to exercise a certain amount of supervision over social organizations. In practice all of this means that the role of the public prosecutor's office would be to carry out the government's legal policy, while the final decision would of course be that of the court. Incidentally, by implementing the proposed amendment, an organization corresponding to European norms could be established, and those who vote against the changes prevent the realization of the constitutional state.

#### \* Draft Bill Puts Police Under Interior Minister

93CH0564B Budapest HETI VILAGGAZDASAG  
in Hungarian 10 Apr 93 pp 76-77

[Article by Gabor Juhasz: "Draft Bill on Police; Cop Hungaricus"]

[Text] *The government will not yield with regard to its intention of putting the police directly under the interior minister; indeed, the new draft police bill proposes that it should be a public prosecutor rather than a judge to issue authorizations for covert measures (wiretapping, opening of mail). In other words, it should be a member of the organization which the Antall administration wishes to reclassify at present through a constitutional amendment in order to make it a subsidiary of the minister of justice.*

In view of the fact that the administration asked the National Assembly to return its draft police bill which it submitted in April 1992 (referring in essence to the law on data protection that was passed last October), its text went through extensive revisions—of those passages which have nothing to do with data protection. Even the earlier draft bill proposed an organization which would be more centralized than the present one and which would be at the disposal of the interior minister, but the new version of the text goes even further: it would, in essence, make the interior minister the operative chief of the Hungarian police.

It is well known that the Antall administration abandoned the current view that the national police chief is chief number one of the Hungarian police (HETI VILAGGAZDASAG, 9 November 1991, 9 May 1992.) The earlier drafts of 1991-1992 also gave the office of the interior minister the authority to issue directives, but [Interior Minister] Peter Boross's authority to lead the organization is limited at present to the use of statutes and other legal means. However, until now, directive authority would have been limited by law: "substantive decisions in cases that are within the jurisdiction of authorities of criminal proceedings, misdemeanors, and

administration" would have fallen outside of the interior minister's authority. In plain language, according to the withdrawn draft, the interior minister could not legally direct the police, for instance, to close an investigation, to fine someone, or to release someone. On the other hand, the new version, which provides a more detailed definition of directive authority, would give general directive authority to the interior minister. In view of the danger of police crime, ministerial supervision would also be tightened by deciding that the organization which handles the so-called "internal security control" of police would be put under the interior minister.

In the interest of centralization, the government also wants to curtail the rights of local governments pertaining to police; in essence, passing the draft would be tantamount to taking away the right of local governments to have a say in selecting police officials to be appointed for their areas. In the present system—which is not a kind of remnant of the party state, for it was devised and accepted by Parliament in 1990—local governments have the right to accept, and county (and Budapest district) governments have the right to evaluate candidates for offices of police captain and police chief. Regional local governments would be the only ones to be dealt with in the future; but they, too, would be given a mere "insubstantial right" to evaluate, meaning that, after listening to their opinions, captains could still be appointed against their will. Regarding county (and Budapest) chiefs, not even this much right would be given and, thus, a candidate for the position of Budapest police chief would be evaluated not by the elected general meeting but by a government-appointed state commissioner who carries the title of state secretary, which is not especially surprising, for there are various indications that the government does not consider elected local officials representatives of a given county or a region.

On the other hand, a new and unexpected twist is that the government has been willing lately to assign the granting of authorizations for the use of covert measures to the state attorney's office. An authorization for secret data collection sometimes would, and at other times would not, be necessary. No external authorization is needed for using informers, for letting the "small fish" go in exchange for information, for conducting covert activity, or for setting up traps; but the justice minister's signature is needed for secret investigation, wiretapping, or the opening of mail, since these are curtailments of constitutional rights. The earlier draft called for giving the authority to issue such authorizations to judges chosen by county (and Budapest) chairmen of judicial benches. Although, in principle, judicial control cannot be contested, this solution gave cause for concern in this particular case, because the justice minister's influence could be preserved (if indirectly) through his right to



appoint judicial officers while he would be relieved from all related responsibilities. All this was topped by allowing 72 hours for police chiefs to issue an order for wiretapping in an "urgent" matter, for instance, without judicial authorization (but notifying the judge at the same time).

The new version of the text includes two variants: one is related to regulations concerning authorizations by the judiciary, and the other is related to regulations concerning authorizations by public prosecutors. The official explanation for the latter is that, according to the European Civil Rights Accord and the legal practice in Strasbourg, the important thing is that authorizations be issued by an organization that is independent from the executive branch; however, Hungary's attorney general is chosen by, and reports to, the National Assembly. This legal argument would actually be acceptable, however, last week the government approved the draft bill on public prosecutors (and the related constitutional amendment), the essence of which is precisely that the state attorney's office would be put under the justice minister's supervision. And, since Istvan Balsai's statement last week, anyone can have a notion as to what this could mean. For the justice minister definitely stated that he would have brought indictments in the "rolling dollars" affair—in which investigation was halted in the end by the state attorney's office.

One possible explanation for the emergence of the new version is that the government doubts that Parliament will pass the public prosecutor bill (although it is not a law that requires a two-thirds majority vote, it involves a constitutional amendment which requires the approval of two-thirds of all representatives). In other words, if Parliament would pass this version of the police law, the state attorney's office would continue to authorize covert measures. If the restructuring of the state attorney's office will be successful after all, then the police law would have to be subsequently modified. For it would be an unprecedented and cynical legal step on the part of the government (coalition) to try to force the [issue of] public prosecutor authorization through the House of Representatives (without any modification of the police law) by referring to the independence of the state attorney's office—and then subsequently try to abolish its autonomy.

The chapter on "secret data collection" was expanded by an additional possibility of data acquisition, which is an indication that increasing the efficiency of police work was the main consideration in reworking the draft. According to the draft, "in order to successfully investigate premeditated crimes that entail two or more years of imprisonment," police would be allowed to solicit data that are "related to the case" from financial institutions, taxation authorities, and telecommunications companies. The release of data would be mandatory and, in addition—since the issue is secret data collection—the "target person" would not know about it; thus, police could review citizens' tax returns or bank accounts without the latter ever finding out about it.

At the same time, the government seems to abandon its earlier intention to invest the police, under the motto of crime prevention, with rights which would allow it to exercise total control over individuals with previous records. Providing the justification of police control, the earlier version would have even allowed secret collection of information on those under official supervision (e.g., persons on parole); on the other hand, according to the new version, the person involved would have to be informed, in the form of a resolution, about crime prevention control—which may only last for one year after the person's release.

The question is, of course, when all this will become law. The earlier version lay idle in Parliament's drawers for almost a year and—since this is a law that requires a two-thirds majority vote—the new version may very well end up in the same lot. At any rate, the present draft is worded much more carefully: the earlier one still included the statement that "this law becomes effective on 1 January 1993"; the present one, on the other hand, would come into effect "on the first day of the 6th month following the month of its announcement."

[Box, p 77]

#### Investigations Concerning the Torgyan Affair

"Sir, you may not even ask me such a question." These were the words of Peter Boross when he rebuked the interior minister's statement—alleged by the NEPSZABADSAG—that he, National Police Chief Sandor Pinter, Budapest Police Chief Janos Bodracska, and police Colonel Janos Balogh used unconstitutional methods in trying to discredit Representative Jozsef Torgyan at the 25 April 1992 "Anger Day" demonstration. In essence, the National Assembly also agreed with the interior minister's opinion above, for it voted down (119:125:25) Representative Jozsef Torgyan's motion to set up a six-party committee of inquiry to review the case. (The FIDESZ [Alliance of Young Democrats] and the SZDSZ [Alliance of Free Democrats] voted unanimously for the motion; the independents and the MSZP [Hungarian Socialist Party] voted for it with 2 and 3 abstentions, respectively; the MDF [Hungarian Democratic Forum] voted against it with 2 "ayes" and 10 abstentions; the KDNP [Christian-Democratic People's Party] voted against it with 1 "aye" and 1 abstention; and the FKgP [Independent Smallholders Party] voted against it with 10 "ayes," 17 "nays" and 8 abstentions.)

FKgP Chairman Torgyan's motion was based on the statements of 383 four former police officers (Lieutenant Colonel Gyula Illes, Second Lieutenant Ferenc Labanc, Warrant Officer Mihaly Golbacs, and First Lieutenant Laszlo Nagy), made before a notary public. The above police officers claimed that they had knowledge about an initial plan of the interior minister and the police chiefs to have a weapon or narcotics hidden in Torgyan's car, but they later abandoned this idea and subsequently wanted to have Torgyan's car (which is equipped with loudspeakers) damaged and to have the crowd that

assembled for the demonstration on Kossuth Square shot into. The officers also claimed that the police guarded the skinheads' route before the incident on 23 October 1992 (when the crowd did not allow President Arpad Goncz to deliver his speech).

At any rate, the officers who made these statements claim that they have proof for their statements made before the notary public. They will probably have to provide that proof, for Attorney-General Kalman Gyorgyi ordered a full investigation of the case at the request of House Speaker Gyorgy Szabad. However, in answering our correspondent's question, the attorney-general's spokesman did not wish to make any statement regarding the status of the investigation or the likely date of its closing.

A few parliamentary representatives also wish to look into the matter, at least into that part which is connected with the 23 October ceremony. "We would like to hear the police officers who made those statements," said in reply SZDSZ Representative Imre Meccs, one of the members of the group of representatives that was unofficially formed to investigate the 23 October events, adding that they will probably get in contact with officials of the attorney-general's office as well. They are conducting this investigation merely through their representatives' authority, for this group is not considered a[n official] committee of inquiry; therefore, "false testimony" before its members is not punishable.

#### \* Parties Agree on 'Model' Minority Bill

93CH0566A Budapest NEPSZABADSAG in Hungarian 6 Apr 93 p 4

[Unattributed article: "The Minority Bill Is Exemplary"]

[Text] (From our correspondent) The six-party reconciliation talks ended constructively, and, accordingly, the bill on ethnic and minority rights may come before parliament. If passed, it will be an exemplary law for the entire world, said Ministry of Interior State Secretary Fabian Jozsa at the press conference he held jointly with MDF [Hungarian Democratic Forum] parliamentary representative Zoltan Speidl.

Thirteen minorities are listed in the proposal, the preparation of which took about two years. Zoltan Speidl, a member of the minority committee, said that the bill thereby defines those groups toward which the government would assume obligations. At the same time, any group of a thousand persons may initiate recognition as a minority.

In speaking about the talks, Fabian Jozsa emphasized that the census law would have to be modified so that at the time of taking a census, citizens can declare, secretly and anonymously, their minority affiliation. The constitution would also have to be modified so that the institution of the minority ombudsman can be established.

In accordance with the agreement, residential minority autonomies and local minority governments could be set up, and national minority organizations would guarantee, on the basis of the electoral system, a choice of affiliation for scattered populations.

[Box, p 4]

The draft bill lists thirteen authentic—i.e., in existence for at least a century—ethnic minorities (Bulgarian, Gypsy, Greek, Croatian, Polish, German, Armenian, Romanian, Ruthenian, Serbian, Slovakian, Slovenian, and Ukrainian). Subject to available national budget funds, these groups of people would receive assistance from the state. The estimated data of the National and Ethnic Minority Office show the numbers for the various ethnic groups living in Hungary as follows: 2,500 Bulgarians; 400,000 to 600,000 Gypsies; 6,000 Greeks; 80,000 Croats; 10,000 to 15,000 Poles; 200,000 to 220,000 Germans; 3,000 Armenians; 25,000 Romanians; 5,000 Serbs; 110,000 Slovaks, and 5,000 Slovenes.

#### \* Parliamentary Representatives' 'Second Jobs' Debated

93CH0564A Budapest HETI VILAGGAZDASAG in Hungarian 3 Apr 93 pp 76-77

[Article by Gabor Juhasz: "Representatives Moonlighting; The Silent Majority"]

[Text] *Because of the coalition's pullout from last week's agreement that was almost struck, it is still uncertain whether (and when and where) the list of representatives' outside business positions will be officially disclosed. Another round of interparty debates on the resolution proposal to disclose the list is taking place at present.*

During the past two months or so, hardly any progress has been made in the debate on a proposal of a representative that a parliamentary decision should force representatives to disclose the offices they hold in the business world (HETI VILAGGAZDASAG, 23 January and 6 February 1993.) This is so despite the fact that various parliamentary forums (committees and ad hoc bodies of conciliation) have already dealt several times with MSZP [Hungarian Socialist Party] Representative Bela Katona's January proposal, although they have merely given reasons why its current version was inappropriate for a general debate.

Everything began smoothly. On 8 February 1993, the House has put Katona's proposal on its agenda (with 219 ayes, 16 nays and 16 abstentions), which is a truly remarkable accomplishment, considering that it was a proposal by the opposition, dealing with an issue that was sensitive to coalition representatives. The explanation for some of the "nays" coming from the ranks of the coalition could be that some involved persons, e.g., Istvan Bethlen, Attila Fejes (both are from the MDF [Hungarian Democratic Forum]) or Bela Nemeth (FKgP [Independent Smallholders Party]), voted "nay" not because of their convictions but because they merely

wanted to spare themselves (not to mention their voters) from seeing their business offices listed in an official publication. Then, following this favorable start, the proposal fell through rapidly. On 10 March, Parliament's Constitutional Court declared (at a vote of 10:5:5) that the proposal was inappropriate for a general debate. One of the counterarguments was that the proposal would necessitate a modification of the statute on the legal status of representatives (which is a statute that requires a two-thirds majority vote), i.e., that a 373 parliamentary resolution would be "inadequate" for this regulation and, on the other hand, that the proposal does not list all information that should be disclosed. However, the idea of publicly disclosing these data has not been abandoned, and representatives of the coalition proposed a six-party reconciliation.

It seemed last week that the proposal would overcome this obstacle, too. Representatives of all parliamentary parties (with the exception of the MDF) as well as independent representatives have accepted a joint modification proposal. The latter greatly expanded the "scope" of Katona's proposal: it would oblige representatives to disclose not only the executive offices and supervisory committee posts they hold at state enterprises or business companies, but also their ownerships and voting rights if in excess of 25 percent. This is a significant step forward because, while the names of office holders could be obtained from (not necessarily up-to-date) company documents despite the lack of mandatory disclosure, this would be almost impossible to do in connection with ownerships because, for instance, it can never be exactly determined from the documents of a stock company who owns, say, 30 percent of its shares. In addition, a regulation that would make disclosure of ownership mandatory could also be easily circumvented. As it is not uncommon for company CEO's to discover the talents of representatives who are relatives and bringing them in to boards of directors and supervisory committees, the number of firms owned (in part) by family members might also greatly increase.

Disclosing shares of ownership would expand the list with new names of representatives and companies, e.g., Janos Palotas would have to disclose the fact that he is joint owner of Pharmatrade Ltd. But representatives who are also attorneys would not be included because the present draft does not call for disclosure of affiliation with an attorney's office or private practice.

Beyond the inclusion on the list of representatives who own companies, the wording of last week's agreement was also made more precise, e.g., it has been agreed that it would be the responsibility of Parliament's Chief Secretary to disclose the data "in accordance with the order of distribution of the minutes." A reminder for the agreement was signed by Tamas Deutsch (FIDESZ [Alliance of Young Democrats]), Pal Dragon (FKgP), Ferenc Inotay (KDNP [Christian-Democratic People's Party]), Bela Katona (MSZP), Gabor Kuncze (SZDSZ [Alliance of Free Democrats]) and, subsequently, by Istvan Fodor (independent). Apparently, the signature of designated Laszlo Salamon (MDF) is missing only because of his busy schedule, for he was not present at the meeting. This was indicated not only by two coalition signatures but also by the fact that the main objection of the government parties against the earlier versions of the text was that they benefited the opposition and that they put too much emphasis on state enterprises and companies (partly) owned by the state (in which government party representatives apparently constitute the majority), while they ignored private companies (even though, the government parties claim, they are the ones in which the opposition is most active).

Still, the agreement was not followed by a joint proposal; Pal Dragon and Ferenc Inotay subsequently withdrew their signatures because, although they had the authority to negotiate, their faction allegedly rejected the agreement. It is also conceivable, of course, that the silent MDF stands behind these withdrawals because the "ayes" of two smaller coalition parties have put the leading government party in a difficult position, since its representatives are the ones who hold most of the moonlighting positions on the list (see table). Thus, negotiations continue. As we go to press, party and independent representatives will meet again, and then the House Committee will discuss the fate of the proposal.

A complete rejection of the proposal seems unlikely; more likely, the question now is, what kinds of offices and rights will have to be listed, and when. This is an urgent matter, so much the more as representatives are much sought after. Istvan Bethlen, who can hardly be accused of excessive modesty, openly stated that "no month goes by without a request that I accept a membership in a supervisory committee or board of directors." One can only hope, of course, that representatives of the first freely elected parliament would not resort to the shrewd (but legal) tactic of prescribing, "after long and exhaustive debates that lasted for months," strict regulations on disclosures—for members of the next parliament.

**Representatives in Executive Business Positions  
(Since May 1990)<sup>1</sup>**

Name (Party, F = Independent)	Firm	Office
Abraham, Tibor (SZDSZ)	Bonduelle Ltd.	Director-General
Bako, Lajos (MDF)	Budapest Bank Corp.	BD member
Balogh, Janos (MDF)	Sopron Rug Factory Corp.	BD member
Banffy, Gyorgy (MDF)	Hunturist Corp.	BD member
Becker, Pal (MDF)	Corvinbank Corp.	BD member

**Representatives in Executive Business Positions  
(Since May 1990)<sup>1</sup> (Continued)**

Name (Party, F = Independent)	Firm	Office
	Loranger Corp.	SC member
Bekesi, Laszlo (MSZP)	Fotex Corp.	BD member
	HTD Printing Corp.	SC member
Bethlen, Istvan (MDF)	Ganz-Huslet Corp.	SC member
	Omker Corp.	SC chairman
	Okocentrum Corp.	BD member
	Okofinanc Corp.	BD chairman
	Publica Corp.	BD member
Bogardi, Zoltan (MDF)	Babolna Corp.	BD chairman
Csoti, Gyorgy (MDF)	Forum Corp.	BD member
	Hungarian Credit Bank Corp.	BD member
Csurka, Istvan (MDF)	Hungarian Forum Ltd.	executive director
Fejes, Attila (MDF)	Inform Studio Ltd.	SC member
	Zenith Business Partnership	representative
Fekete, Gyula (MDF)	Fraternite Corp.	BD member
	Jewelry Corp.	BD member
Giczy, Gyorgy (KDNP)	Publica Corp.	BD member
Greza, Ferenc (MDF)	Alfold Ceramic Factory Corp.	BD member
Hasznos, Miklos (KDNP)	Pci Corp.	BD member
Horvath, Bela (MDF)	Gambling Corp.	BD member
Horvath, Miklos (MDF)	Alba Regia Corp.	BD member
Katona, Kalman (MDF)	Malev Corp.	BD member
Kiraly, Zoltan (F)	Budaors Investment Ltd.	BD member
	HT Press Ltd.	executive director
Kiss, Gyorgy (MDF)	Northern Hungarian Recycling Corp.	SC member
Kosa, Lajos (FIDESZ)	Axon-Kerinova Corp.	BD member
Korosi, Imre (MDF)	Viktoria Corp.	BD member
Lukacs, Tamas (KDNP)	Human Corp.	BD member
Mecs, Imre (SZDSZ)	Central and East European Economic and Environmental Development Corp.	BD chairman
Medgyasszay, Laszlo (MDF)	Word-Picture Corp.	BD chairman
Nemeth, Bela (FKgP)	Kapos Volan Corp.	BD member
Palkovics, Imre (MDF)	Herend Ceramics Factory Corp.	BD member
Palotas, Janos (F)	Dunaholding Corp.	SC member
	Economix Corp.	BD member
	Post Bank Corp.	SC member
Petrenko, Janos (F)	Peko Works	Owner-director
Pokorny, Endre (MDF)	Human Corp.	BD chairman
Prepeliczay, Istvan (FKgP)	Hangya Corp.	BD chairman
Ramport, Katalin (MDF)	Hungarian Construction Corp.	BD member
	Matav Corp.	BD member
Schamschula, Gyorgy (MDF)	Forum Corp.	BD member
	Hunturist Corp.	BD member
	Transfix Ltd.	executive director



**Representatives in Executive Business Positions  
(Since May 1990)<sup>1</sup> (Continued)**

Name (Party, F = Independent)	Firm	Office
Schmidt, Ferenc (MDF)	Nitrogen Works Corp.	BD member
Soos, Karoly Attila (SZDSZ)	Co-Nexus Corp.	BD member
Speidl, Zoltan (MDF)	SVT-Wamsler Corp.	BD member
Szabo, Lukacs (MDF)	Deko Corp.	BD member
Szalay, Gabor (SZDSZ)	Haldex Corp.	Director
Szarvas, Bela (MDF)	Industrual Bank House Corp.	BD member
Szucs, Istvan <sup>2</sup> (MDF)	Hungarian Electric Works Corp.	BD member
Takacs, Peter (MDF)	Kemev Corp.	SC member
Takacs, Gyula (MDF)	Hungarian Investment and Development Bank Corp.	BD chairman
	Ybl Bank Corp.	BD member
Tardos, Marton (SZDSZ)	IBUSZ Bank Corp.	SC member
Torok, Ferenc (SZDSZ)	New Ludas Ltd.	SC member
Varga, Zoltan (MDF)	Courier Corp.	SC member
Zimanyi, Tibor (MDF)	National Savings Bank Corp.	SC member
Zsebok, Lajos (MDF)	Alba-Regia Corp.	BD member
Zsiros, Geza (FKgP)	Bekes County Milling Co.	Director

Note: BD = Board of Directors; SC = Supervisory Committee.

<sup>1</sup> This table, which is an enlarged and modified version of the list published in HETI VILAGGAZDASAG on 23 January 1993, does not necessarily reflect the present situation; it lists representatives who have been company CEO's or members of supervisory committees at any time since the beginning of their present mandate.

<sup>2</sup> No longer a representative.

**\* Autonomous Social Security Boards To Be Elected**

93CH0594C Budapest HETI MAGYARORSZAG  
in Hungarian 9 Apr 93 p 6

[Interview with Dr Endre Szabo, president of the Federation of Public Service Unions, by J. B.; place and date not given: "Autonomous Social Security—Sentenced To Be Elected; The Big Question: Will the People Vote?"]

[Text] Why should one participate in the election of autonomous social security boards? To prevent old-timers from returning to power, a self-confident, young female teacher asked and answered the rhetorical question when I inquired from the "man on the street" what exactly was at stake in the 21 May elections.

Others were suspicious because the trade unions got mixed up with social security. Isn't there a hidden trap here, a suspicious elderly gentleman asked.

Responding to my question, a physician from Ujpest said that he regarded as important the need to separate health care from pension insurance, and similarly: to prevent trade union social insurance premiums and social security contributions to flow into "a single big hat." No one is ever going to know the cost of anything, if that happens. In his view, nothing worse than that could happen in terms of managing these funds.

In contrast, most voters have not even heard of this issue. People are amazed when asked this question, even though the campaign is going to begin on 16 April. It is hoped that by 21 May everyone is going to clearly understand why he or she should vote, alternatively, why he or she should stay at home. The election is going to be invalid if voter participation falls below the 25 percent level. A repeat election? Probably not until 1994.

We asked Dr. Endre Szabo, the president of the Federation of Public Service Unions to provide a close-up view of the still hard to understand autonomous social security board elections.

[Question] Mr. President, why should voters take part in the 21 May elections?

[Szabo] Because all of us are affected by health insurance and pension insurance.

[Question] The term "autonomous government" could also be misleading, because this term means "autonomous governments in settlements" to many.

[Szabo] There will be two autonomous governing systems, each with a nationwide network. One will have to do with pension insurance, the other with health insurance.

[Question] Will these two new systems be linked to the autonomous governments in settlements?

[Szabo] No, they will be independent autonomous governing bodies. Accordingly, the persons insured will assume decision-making authority over their own social security, because the new social security autonomous governments will exert strong influence on how health insurance and pension insurance evolves.

[Question] How will this organization be structured? Is it going to have "offices" in every village and every city?

[Szabo] No. Even at present there are no direct social security offices in villages and cities. Social security directorates can presently be found at county seats, while social security organizations operate at workplaces where social security benefits are paid. There is not going to be a change in this regard. But under the new system pension insurance and health insurance will have two separate national networks. So far as I know, the county directorates will remain in place, but instead of the presently intertwined situation they will be separate.

[Question] Why is this deep-rooted change necessary?

[Szabo] Social security must be based fundamentally on insurance principles. In other words, the contributions will constitute the resources, and hopefully, the assets of social security will soon be returned. Social security operates with an annual budget of 600 billion forints. The assets they want to return to social security amount to 300 billion forints. We must establish a functioning system that stands on its own feet. The essence of the elections is to let the new, self-sufficient social security organizations manage their own budgets. The May elections establish the foundations for this. To replace the earlier operations of a state administrative character, we must now establish operations based on good custodianship. The transformation resembles somewhat the establishment of stock corporations. In other words: We, the citizens, are the stockholders, thus we have a right to expect to have a greater involvement in the functioning of social security, because we provide, in part, the financing of social security, and are, in part, its beneficiaries.

[Question] What should the citizen—the real subject of social security—expect?

[Szabo] Initially it is going to be more difficult from the standpoint of the individual, because at present, social security is struggling with extremely great concerns due to its 100 billion forint deficit. Thus the newly-formed autonomous governing bodies cannot promise a truly favorable change in the short term. One could hope, however, that the new type, responsible organizations backed by the voters' confidence will manage the funds responsibly.

[Question] In other words, are we converting our so-called "Eastern style social security" to a "Western style social security," to something similar to what we had before the war?

[Szabo] Under the new system insurance will be based on the proper management of the contributions paid by the insured persons, and of the assets available to the insurer. This enables the evolution of a "self-propelled" insurance system, while previously insurance was a state function, so to speak.

[Question] Trade unions became particularly active when the possibility of social security elections was raised. How do trade unions fit into all this?

[Szabo] According to the law adopted by parliament, the trade unions nominate the candidates, based on the consideration that trade unions represent employee interests. The six trade unions represented in the Interest Mediation Council will run in the elections, and the various confederations will appear with their own social security policy proposals. Correspondingly, the voters will decide for which confederation to vote. For example, a decisive majority of the Public Service Trade Unions will establish rosters composed of individuals from the Cooperative Forum of Trade Unions.

[Question] Many disputes have taken place earlier regarding trade union elections. Could the May elections also be regarded as trade union elections?

[Szabo] Based on the law, the elections pertain to the two autonomous governing bodies of social security. This is the fundamental and main purpose of the elections. But since the various confederations are also going to be assessed in the elections, the elections could have certain indirect consequences from the standpoint of how society viewed the various confederations.

[Question] Mr. President! Don't you think that citizens who are not members of trade unions—and there are many—are going to be disturbed, perhaps repulsed, from the outset by the involvement of trade unions?

[Szabo] This issue was raised in the preparatory period. For example, it was pointed out that late last year the trade unions had been successful in their involvement in the Interest Mediation Council regarding a number of important issues, such as pensions, social welfare provisions, the value-added general sales tax, and increased wages for public employees, and these things not only represent trade union interests. The minimum wage issue also applies to nonunion members. Accordingly, these achievements by the trade unions should not be underestimated by outsiders.

[Box, p 6]

Recently published reports indicate that FIDESZ [Federation of Young Democrats] disapproves of establishing autonomous social security governing bodies, primarily because of the lack of resources. It appears that from among the six parties seated in parliament, the MSZP [Hungarian Socialist Party] provides the strongest support to the elections. The views of the remaining four parties fall somewhere between the FIDESZ and the MSZP views. It is certain that the May elections are

being called on the basis of a law approved by parliament, and thus the elections are also supported by the coalition parties. The six largest trade unions also support the elections. If successful, the elections will mean a further division of power, i.e., the authority of the government and of parliament over social security will be reduced further. As planned, both the autonomous governing body for pension insurance and the so-called "health insurance parliament" will have 60 members each.

**\* New Environment Minister Gyurko on Dam, Tasks**

93CH0560B Budapest KOZTARSASAG in Hungarian  
2 Apr 93 pp 50-54

[Interview with Janos Gyurko, minister of environmental protection, by Janos Adonyi Sztancs and Peter Buza; place and date not given: "The Danube Must Flow Where It Used To Flow"]

[Text] Dr. Janos Gyurko, the new minister of environmental protection and area development, is a graduate of the civil engineering faculty of the Budapest Technical University. Later he also took a civil engineering degree specializing in the protection of historic monuments. He wrote his Ph.D. thesis on churches from the age of the Arpads. He became actively involved in politics in 1988. At the same time, he joined the Voks Humana environmental protection movement. In 1990 he was elected into parliament in Csepel. As an MDF [Hungarian Democratic Forum] representative, he began work in the parliamentary committee on environmental protection. In his activities he tried to represent the interests of the constructed and natural environments in the process of creating laws on economy, taxes, and privatization. With not much success, because in spite of the committee's support, not even one-half of the proposals were accepted at the plenary meetings. In the past two years, he intensively studied the question of Bos [Gabcikovo]-Nagymaros, and was a member of the delegation with the goal of submitting the dispute between Slovakia and Hungary to international court in the Hague. In the interview he gave our paper, the minister spoke about how the operation of the institution under his leadership could be made more efficient, when the law on environmental protection is expected to be passed, how he imagines the Danube to be in 2000, how he ranks the importance of urgent environmental problems awaiting a solution, and where he hopes to get money and help to carry out the noble goals. On behalf of KOZTARSASAG, Janos Adonyi Sztancs and Peter Buza talked with the new head of the portfolio.

[KOZTARSASAG] Minister, your predecessor in this seat stated recently that his professional expertise was an obstacle rather than an advantage in working successfully. As he said if, for instance, he had not been an expert in the Bos issue, he would have had an easier time accepting political compromises. When is a minister a

good one, anyway? When he is ready for political compromises within the government, or when he is intent on his own expertise?

[Gyurko] This always depends on the given situation. It is not a disadvantage if someone has an idea about the area which he must be in charge of. But he also have to politically represent his area in the government, in parliament, before the public, in international negotiations, in many places. Of course in my opinion one cannot find a person who is equally proficient in every area of expertise within our portfolio. I am an engineer, a civil engineer, an expert in the protection of monuments, but at the same time I was an amateur conservationist, and this shows that I am professionally a little closer to certain areas, but this doesn't mean that I'm not trying to keep a balance between the various realms of the portfolio.

[KOZTARSASAG] You misunderstood me. We wanted to know who the minister has to be loyal to. To the body of ministers, the prime minister, politics, or to professional requirements?

[Gyurko] Every member of the government must be loyal to the government. If the government made a decision in a question, then he must stand for that decision, even if he doesn't agree with it. At last year's budget discussion, that is to say, at the end of 1991, we received the budget proposal with a remark by Bertalan Andrasfalvy that he doesn't agree with it, but he is obliged by a government ruling to sign it. This is what he wrote on it, you can see it for yourself. This is a good example for the multiple bonds and constraints of a minister. That's the way it is; after a government decision you have no choice but to take it; if you were defeated, you have to bear it and accept it. You must think about why you were defeated.

[KOZTARSASAG] The budget of the ministry of environmental protection and area development for this year is 3.9 billion forints [Ft]. This is approximately the amount paid for the three most valuable forwards of the AC Milan....

[Gyurko] A lot of things are a question of money, but not everything. One must be aware of that. As in health care, in environmental protection as well, prevention is usually cheaper than protecting oneself against a harmful effect after the fact; however, human psyche is such that it is very difficult to convince people to practice prevention.

[KOZTARSASAG] However, if we regard environmental protection, we are already in the stage of sickness, at least in a lot of areas.

[Gyurko] This is true, but we must not lose sight of the role of prevention even in the work of the ministry. And many things could have been prevented if we had paid attention better. For instance, the transitional law on cooperatives excluded certain nature reserves from the redistribution of land. It contained a paragraph that these areas must be put under environmental protection, kept in the possession of the state, or taken into the possession of the state. To do this, a certain amount of land was to be put aside for exchange from the land of

state farms. In the early morning of December 31, because we didn't pay attention, parliament, with the blessed—or rather unblessed—contribution of the agricultural committee, annulled this paragraph. This is perhaps in the interest of the agricultural ministry, and of certain concerned parties, but if it will result in expropriation suits, it will cost the Hungarian state a lot more than if it solves two-thirds of the cases by exchanging land for land.

[KOZTARSASAG] Speaking about legislation, how do you evaluate the fact that after three years the law on environmental protection has not been passed?

[Gyurko] At the moment, we are doing fairly well in this matter; in the past five months we succeeded in bringing about a very good coordination with social organizations and green movements which are very difficult to bring together. The final result of this coordination is expected in the near future; formulation is likely to be completed this month, and the proposal can be submitted to parliament in May.

[KOZTARSASAG] The green movements received you very positively. This is usually not typical of ministers of environmental protection.

[Gyurko] Perhaps because I myself am close to these movements.

[KOZTARSASAG] There was a government official with similar affiliations at the head of this portfolio who did not fare well....

[KOZTARSASAG] Are you thinking of Zoltan Illes? The essence of his case is that he could not really adapt to the area which we call public administration. Incidentally, he is still an excellent, useful person. His know-how greatly contributed to the latest decision of the European Parliament on Gabcikovo, which we can consider positive for us.

[KOZTARSASAG] Thus you think that this good relationship with the green movements—to return to the previous point—can be maintained. There is a view that the protection of the environment is a luxury of the rich. The other side of the coin is that emotional criteria play a special role in this profession, and the minister of environmental protection can't do right by everyone. Namely, he can do right until we have to deal with X or Y street, with a concrete point of resistance where the green movement appears and tries to put its own group interest against the program of the ministry or the profession.

[Gyurko] Obviously there are exaggerated claims which are ultimately not groundless, but which ignore other important social, economic, legal, self-government and similar positions. But still they are not foolish, even green claims which might be considered exaggerated from other people's point of view, and so one tries to support their enforcement. In my case, however, they will probably understand that I cannot work wonders in

a few months. As they say, the impossible we will try right away, but for the miracle you have to wait. This is true today, as well; it is a difficult issue. This portfolio didn't have much of a prestige; this is what one must establish now.

[KOZTARSASAG] Thus you think that social support for environmental protection itself is missing in Hungary.

[Gyurko] Maybe environmental protection boasts such support, but the portfolio unfortunately doesn't. And it is also important to increase the political weight of the portfolio.

[KOZTARSASAG] How do you envisage the strategy to achieve this?

[Gyurko] As I said, money is not necessarily needed for everything. Projects in energetics and environmental protection also appear in the budget of the industrial ministry. It is not necessary that I manage all such moneys. To increase the political weight of the portfolio, for instance, it would be necessary to conduct cooperation, coordination and arbitration between the portfolios in a very persistent, professional, and precise manner, because we don't have to seek justice in conflicts. The other portfolios must also be made to understand that our points of view are not merely those of one sector or one branch, but rather, just like the portfolios of education, culture, and national welfare, they represent the interests of the entire society. There is a chance for a new beginning in other portfolios, as well. Latorcai is a new man, and so is Janos Szabo; and matters are just fine in the economic portfolio. For instance, there is a fairly good cooperation with finance ministry undersecretary Zoltan Nagy, I have a very good relationship with Gyorgy Schamschula, and also with Bela Hajos, who is now the deputy undersecretary of water management, I have a very good personal and professional relationship.

[KOZTARSASAG] Your predecessor said that after the C variant of Gabcikovo was built, the zero solution lost its sense, because it is unattainable; it is an unrealizable dream, and it is senseless to demand it. But you stated at the Mosonmagyaróvár meeting, and at other places, as well, that the Danube must flow where it used to flow, and everything must remain as it was.

[Gyurko] I said that the Danube must flow in its original course, because otherwise there is no solution for the problems with the water table.

[KOZTARSASAG] Let us turn the pages of the calendar to, say, 2000, when completely different waters will flow down the Danube; what will these reaches of the river between Gabcikovo and Nagymaros look like? If your pet ideas are realized?

[Gyurko] Because most probably energy production in Gabcikovo doesn't really make sense—military industry on a Russian foundation will most probably be finished



by then, and thus the branches of industry which consume large amounts of energy will be cut back—, by then no one will really press this issue. Although the power plant in Gabčíkovo can probably stay, the dams will most likely be torn down. They will be an excellent pebble mine.

[KOZTARSASAG] Thus, we will recultivate the area.

[Gyurko] Yes. Although it is difficult; the humus was carried away all over Slovakia, but it is not impossible. It can be done very nicely on business grounds. The water will basically flow where it flowed at the beginning of October last year, but the banks would have to be regulated precisely. Namely now the flow of the water is too slow. To this extent the needs of navigation can be complied with, but in other respects navigation must comply with nature! We cannot shape nature, because its system is so complex. It is not worth messing up such a complex system in the interests of navigation, because in 50 years the drinking water which is there, and which I hope we can preserve, will be a lot greater treasure than the possibility of saving a few liters of oil in navigation.

[KOZTARSASAG] Minister, our disputes are becoming more numerous again, and again with Slovakia. The classic example is Gabčíkovo-Nagymaros, but there is also the nuclear power plant in Bor, and the incinerator in Parkany [Sturovo]. Can you imagine that the Hungarian minister of environmental protection will meet with the neighbor?

[Gyurko] Of course, naturally we are trying to establish bilateral relations, as well. On 9 June I will meet with the Romanian minister of environmental protection, and on 28-29 March with the Austrian minister and probably with a few other Central European ministers of environmental protection. At the end of April, a pan-European meeting of ministers of environmental protection will take place in Luzern, which also must be utilized for such purposes. Thus, I would like to meet the Slovakian minister, as well. This time I don't want to deal with Bos; we have other tasks, as well. Maybe you noticed that in general, independent of the Bos conflict, Hungarian foreign policy is trying not to isolate Slovakia from the rest of Europe in economic and other issues. Our interest is that we come abreast with Europe in this region together, as far as that is possible.

[KOZTARSASAG] You mentioned the law on environmental protection. We have been waiting for a long time for other laws, as well. But laws are not the only way to regulate matters; there are other ways, as well, and because legislation is proceeding so slowly, so impotently, I am not sure one has to or one can wait for it in certain cases.

[Gyurko] The nature preservation law is in preparation, and also the regulation plan of the area development law; the new construction law is being formulated; the law on the protection of historic monuments is just about finished. An executive order is in preparation on the review of environmental effects. Yesterday we had a tough

coordinating session with the industrial ministry. It seems to have been successful. We prescribe an obligatory review of environmental effects not only for new projects, but also for technological improvements. Thus, when a company is privatized and the new owner, even a foreigner, appears on the scene with a different technology, then that technology also has to be subjected to a review of environmental effects.

A regulation is in preparation concerning packaging, as well, that is to say, disposable packaging materials; that is to say, to find a solution of which one sees many examples in Europe, namely that the manufacturer is obliged to collect 70-80 percent of the packaging of its products.

[KOZTARSASAG] Just enumerating the laws shows already how many areas of expertise are under the ministry's auspices. In your quick estimate, how does the situation of these areas look at the moment? Where are measures needed most urgently so that you can maintain your operations efficiently?

[Gyurko] There are no great disturbances, but all the tasks were not carried out on a really high level, or thoroughly.

[KOZTARSASAG] There were areas, though, where the administrative and economic activities were entangled.

[Gyurko] This situation was more or less characteristic of the protection of historical monuments, but there have been changes. The contracting and planning department was separated from the administrative department, and this is what we expect from water management, as well. The transformation has begun there, as well. I think that with some help and reorganization work can become more efficient everywhere.

[KOZTARSASAG] Can you give an example? What do you mean when you say that many things can be remedied by transformation and reorganization?

[Gyurko] For instance, environmental protection is characterized by a triple partition. The first level is the office of environmental protection; then comes the chief supervisory authority of environmental protection; this is an authority of the second degree, but at the same time it has professional supervision over the specialized authority of the first degree which, on the other hand, carries out activities which are not only administrative. This is a disadvantage because the effect of certain regulations of law, their practical results, reach the block of the ministry where environmental policy should be formulated and forwarded to me, through multiple stages. These stages are not advantageous, and for this reason I want to take professional supervision out of the hands of the administrative authority of the second degree.

[KOZTARSASAG] Can one help the fact that almost every area of activity which is carried out here is also included to a lesser or greater degree in the competence

of other ministries through various relations? There is, for instance, the matter of the forests, as a startling example.

[Gyurko] Several people have thought already that the situation as it is now doesn't do justice to the past of Hungarian forestry or to the expertise of our present forest rangers; that ultimately, on the level of public administration or the state, the weight of forestry has been reduced to a department in the ministry. Moreover, in this department, forestry is coupled with the timber industry. A typical example of the fox and the geese. I will try to remedy this situation. I am thinking of setting up a national forestry office which would have to be lead by an official on the level of a deputy under-secretary. It should probably be under dual supervision, because the protection of the forests is one the tasks of the minister of environmental protection. At the moment I have no particular means to carry out this task. In a national forestry office under joint supervision with the agricultural minister, we could enforce our agenda of nature preservation and environmental protection, as well; these don't have to be only primary criteria of nature preservation and environmental protection, but could also be directed at enforcing interests in connection with area development, such as the reforestation of agricultural land that leaves production, which is already connected to a certain degree to the function of area development in connection with regional crisis management and unemployment. One can point out in a wider area, as well, that the ministry of environmental protection and area development has tasks in this area, as well.

[KOZTARSASAG] In the matter of the management of constructions one could use a fresh start, as well.

[Gyurko] When it was discussed in parliament, I fought the plan to make a notary the authority over construction. A notary is either a lawyer or a graduate of an administrative school, and only in the rarest of cases is he a professional in engineering. This is troublesome especially in small municipalities. In a larger town, in a town with the status of a county, or in a Budapest district, this is not a problem because there are enough engineering professionals who can prepare the decision, but in the majority of municipalities this is not the case, and the consequences can be serious. The management of construction by the state has become weaker, and this has resulted in a certain deterioration in the appearance of cities and villages.

[KOZTARSASAG] Are there blatant and provable cases of this? Can you give examples?

[Gyurko] Perhaps I could, but why should I get personal? Instead, think about the fact that Dezso Rado resigned his function as a consultant to the city of Budapest, because he said he could not make the various economic interest groups which became connected with Budapest understand what the protection of green belts means in terms of Budapest's long term interests.

[KOZTARSASAG] It is possible that the minister of environmental protection is operating in an economic environment in which after a while he has no other choice than to resign because his path is blocked by economic interests which he cannot sidestep. Could this happen?

[Gyurko] I know that I undertook a very difficult task; very strong interests are opposed to the interests of nature preservation and environmental protection.

[KOZTARSASAG] I would like you to enumerate the ministry's current priorities.

[Gyurko] Since you yourselves mentioned that the honorable Hungarian Government promised almost every year to submit the law on environmental protection, and this has not yet happened up to this day, this is the top priority. In the matter of waste management, we must take a step forward in two directions. First, with the support of self-governments, in the matter of finally organizing selective waste collection. Second, by expanding the system of product fees which apply to disposable packaging. The excessive spread of disposable packaging must be prevented by all means. We also must take part in the dissemination of technologies which produce little waste by encouraging recycling, but also by—as I mentioned earlier—compelling manufacturers through regulations to collect the waste of their products. And there are many other things. We have not yet talked about nature preservation; the protection of the most important nature preserves is only possible, even in the U.S., by keeping the national parks in state possession. There is no other way. The right of ownership is such a strong force in a market economy that it would be very difficult to curtail it, even with the intent of society's self-preservation.

[KOZTARSASAG] How would you like to inscribe your name in the history of environmental protection in Hungary?

[Gyurko] I wouldn't. The good thing would be if it was not my success, it was not a spectacular event that stood out, rather, if the work continued on its way. Persistently, and ahead, day after day.

#### \* Agricultural State Secretary Interviewed

93CH0571C Budapest FIGYELO in Hungarian  
1 Apr 93 p 11

[Interview with Laszlo Medgyasszay, Ministry of Agriculture state secretary, by T.K.; place and date not given: "State Secretary Introduces Himself; Medgyasszay Would Proceed Cautiously"]

[Text] *The political state secretary at the Ministry of Agriculture knows of a quick solution for agricultural credits, but requests more patience regarding the land law.*

*Laszlo Medgyasszay, the plant veterinarian from Gyor-Menfocsanak, was elected to become a parliamentary*

representative in 1991, and has since run a political career as fast as lightning. He firmly argued in support of making the MDF's [Hungarian Democratic Forum] and the government's press policies more friendly, and it was his idea to have a television debate series called "Existential Issues." This idea man became a member of the MDF presidium and has held on to his place to this date. Until January 1993 Medgyasszay also served as the party's vice chairman, and he also acted as the party's spokesman at the latest national congress. As part of cabinet changes that occurred in February, the prime minister appointed him to serve as political state secretary at the Ministry of Agriculture. Laszlo Medgyasszay requested a little grace period at the time to permit him to assess the scope of his function. The grace period has come to an end, and the political state secretary is launching a series of presentations at regional centers these days. After allowing him to assess the scope of his function, and before launching the series of presentations, Laszlo Medgyasszay responded to our questions:

[T.K.] In taking office you mentioned that you were aware of the fact that developing and operating a banking network in the villages was one of the most important tasks. Where do we stand in this regard today?

[Medgyasszay] One could present a lengthy professional analysis in this regard. Let me express my personal view at this point. The government and the ministry endeavor to start up the operation of banks engaged in agricultural lending as soon as possible. This system will be able to offer low interest rates and truly preferential loans only if the state budget subsidizes the interest payments and guarantees the loans. Accordingly, the real issue is whether the budget is strong enough to do so. In the course of discussions about the institutional background I raised this question: As long as the state truly wants to develop such a banking network, why do we disregard the OTP [National Savings Bank], which is owned by the state? This firm has an extensive network of offices, and has substantial experience in managing small loans. The OTP has also established a precedent for loaning funds for an agricultural enterprise: the goose program in Hajdu-Bihar County. It is no secret that the OTP executive staff has already discussed these things with the experts in our ministry. But there is an even more urgent task insofar as agricultural lending is concerned: to provide access to the already available preferential borrowing opportunities, such as the reorganization program, the loans available from the Agricultural Development Fund. Finding financial resources for the land offices is a similarly urgent task. We must show outstanding performance under adverse conditions, and this cannot be maintained for long.

[T.K.] When do you expect to complete work on the proposed Land Code of Laws?

[Medgyasszay] As of the spring of 1993 we must count on the following: There will be 1 million land owners in the country as a result of compensation. The concentration of saleable land has already begun. The structure,

the process outlined in the National Renewal Program that leads to cooperatives and family estates is progressing well, but hardly on two or three hectares, because that much land permits one to vegetate only. In the midst of this process we must make some important decisions about the maximum size of estates and whether foreigners and business corporations should be able to acquire property. We are endeavoring to reach consensual agreements; in addition to reconciling issues with the various parties, we are also negotiating with social and professional interest groups. By saying this I also revealed the fact that one cannot act hastily regarding an issue of such great significance.

[T.K.] Before relieving the minister in February, MDF members expressed dissatisfaction over the Smallholders Party leadership at the Ministry of Agriculture. What kind of relationship does the new state secretary have with the new minister?

[Medgyasszay] Both Janos Szabo and I seriously believe that we could maximize our accomplishments through cooperation. In this regard, Administrative State Secretary Gyorgy Rasko, representing continuity, provides great help to both of us.

#### \* Suzuki Seeks Protectionist Measures

93CH0571D Budapest FIGYELO in Hungarian  
1 Apr 93 p 11

[Interview with Suzuki Corporation Chairman and President Istvan Lepsenyi by Janos Budai; place and date not given: "According to the Suzuki Corporation Chairman: Lepsenyi's Lobby"]

[Text] When the National Assembly Committee on the Economy visited in Esztergom, Suzuki Corporation Chairman and President Istvan Lepsenyi proposed that greater protection be provided to the newly-born Hungarian car manufacturing industry. We asked him to explain in more detail what kind of protection he had in mind, and by what means?

[Lepsenyi] Car manufacturing in Hungary is an entirely new industrial culture which inherited no tradition from the past 40 years. The same applies to the background industry, to the contractors of this industry. I believe that an industry branch just born must not be exposed immediately and fully to global market competition. We need temporary protection, and this can be given while complying with EC and GATT rules.

[Budai] Could increased customs duties and other obstacles in the path of imports be part of these measures?

[Lepsenyi] Any country which develops its own automotive industry levies high customs duties on new cars, and prohibits, or, at least very stringently restricts, the importation of used cars.

[Budai] Are you one of those who believes that the new decree governing customs duties has too many loopholes? The decree conditions the importation of more than 6 year old used cars by advance permit requirements.

[Lepsenyi] The decree should be made even more stringent, in my view, and the many loopholes, as a result of which they are able to import wrecked cars from the West, should be discontinued.

[Budai] The background industry is closely related to automobile manufacturing. Do you regard the protection of the market and of the industry necessary even if the importation of new and used cars is made more difficult?

[Lepsenyi] The role of contractors cannot be dealt with separately from the manufacturing aspects of this industry. A specific analysis should be made as to the kinds of developmental projects the various enterprises have undertaken in order to become contractors, and the protection afforded to the entire industry branch should also apply to them. I stress: on a temporary basis.

[Budai] What percentage of the component parts does Suzuki Corporation receive from Hungarian contractors at present?

[Lepsenyi] We reached the 35 percent level, and we made preparations for an additional 16 percent. To accomplish this we are providing 1 billion forints in support funds to these contractors for technological development, and 14 Japanese enterprises have reached cooperative agreements with Hungarian enterprises. These agreements are in the process of being implemented by now; they are at a stage where manufacturing is done in Hungary, nevertheless some of the component parts still come from Japan based on safety considerations [or: "just to be sure."] In addition, we would also like to see a situation in which a preference for Hungarian-made cars vis-a-vis foreign-made cars is given in procurement actions paid for with public funds, provided that prices and quality are equal.

[Budai] When do you expect to begin exporting?

[Lepsenyi] Our plans call for exceeding the 50 percent contractor delivery ratio this year; as a result of that the path will also be open toward West Europe. Cars must also pass type examinations in order to accomplish this, of course. Most likely, we will appear on the Western markets with only a small quantity of cars, because our primary goal is to satisfy the domestic demand. At present the average waiting period is two to three months; by the end of the year we would like to reduce this period to one or two weeks. By the end of the year we will be able to produce 200 cars daily—this is the present nominal capacity of the factory.

### \* Government Funding of Foundations Attacked

93CH0585A Budapest NEPSZABADSAG in Hungarian  
21 Apr 93 p 4

[Article by J. Tibor Keri: "Deputy Tamas Fodor Was Silenced; A Cultural Shadow Cabinet Has Been Formed"]

[Text] During the Tuesday afternoon question period in the National Assembly, Deputy Speaker Vince Voros in effect silenced Deputy Tamas Fodor of the SZDSZ [Alliance of Free Democrats] when the latter attempted to explain at length why he rejected [Culture and Education] Minister Ferenc Madl's written answer to Fodor's interpellation in the matter of the Foundation for the Arts and Adult Education.

According to the minister's reply, "the government is gradually putting into practice the principle that calls for the maximum feasible democratization and socialization of the redistribution systems in the area of culture." The minister's reply also denies any secrecy surrounding the establishment of foundations, although it adds that "the law does not require anyone to make a public announcement, beyond registering the foundation." Nevertheless the government did make an announcement, when its spokesman made public the establishment of this foundation.

In his rejoinder Tamas Fodor called attention, among other things, to the fact that the public can be misled only just so long. It is becoming increasingly clear to taxpayers that the new nomenklatura is fleeing and salvaging its power and wealth. It has established a cultural shadow cabinet that is associated with a certain intellectual current. Unfortunately, we are continuing where we left off with Next 2000 [not explained], the deputy said. He also pointed out that, in cases when a public function is not being performed by the government, everything depends on to whom the board of trustees is answerable. The trustees on the board are private individuals committed to other private individuals, and the actions of the latter are beyond the National Assembly's oversight. (During the deputy's speech, the presiding deputy speaker warned him repeatedly that his allotted time had run out, and Fodor's microphone faded away a few times.) In spite of this, Fodor continued his speech. In his opinion, the board of trustees does not represent the profession as a whole, and "a narrow committee has been picking the plums from it." However, Fodor was unable to finish his speech because, after several calls to order, the presiding deputy speaker in effect silenced him. Thereupon Fodor promised to take the matter before the Cultural Committee. He did not accept the minister's reply, but Parliament approved it.

[Box, p 4]

In the corridor of the National Assembly, Fodor told our reporter that the foundations' services could come in handy during the election campaign. In his opinion, the election campaign's supporting programs are the most



expensive, and now the sources of cash controlled by a few individuals could do the MDF [Hungarian Democratic Forum] a lot of good. He listed them: The Lottery Corporation, with Jozsef Zelnik on its board of directors; the National Cultural Foundation, foreseeably with 700 million forints at its disposal; the mysteriously endowed Lakitelek Foundation; the Illyes Foundation (Zelnik a trustee); the Teleki Foundation (Zelnik a trustee); the Cultural Innovation and Further Training Enterprise, on Szentharomsag Square (Foundation for Hungarian Culture); the Cultural Innovation Enterprise, on Miklos Square (Zelnik its director), and the Hungarian Chamber of Culture (Zelnik its chairman). According to Fodor, these campaign programs will be broadcast live by Duna TV, where Zelnik happens to be chairman. Of course, he is also the director of the Foundation for the Arts and Adult Education. In Fodor's opinion, it is not worth while to cite the ethnic Hungarians living abroad, Illyes and Bartok, and the bailout of the Hungarian motion picture industry. The SZDSZ has no quarrel with any of these objectives. He expressed his regret that "the invisible legion has subjugated Madl, who has become more of a party hack, but has not retained his professorial conscience." As Fodor put it, he would have accepted the professor's answer, but not the answer of the party hack.

In conjunction with foundations, Fodor also raised the question: What would happen to the assets if, in the case of a change of government, the Foundation for the Arts and Adult Education should cease? In that case the assets would undoubtedly go to the Lakitelek Foundation, which is a private foundation. The deputy also noted "incidentally" that "these are merely the domestic expansions. There are whispers to the effect that the World Federation of Hungarians is planning to establish its own embassies in every country." Which means that "there would be shadow embassies, exercising jurisdiction as commissars over the Hungarian embassies. Several ambassadors have already called attention to this problem," the deputy said. He also added that a thorough audit by the Auditor General's Office ought to establish how a private cultural empire has been created through interlocking directorships and trusteeships. The most important thing is to let public opinion see that some people are now making preparations to salvage real-estate properties and money when they lose power, Fodor pointed out.

**\* Ethnic Hungarian Leader Lauds Duna TV**  
*93CH0585D Budapest NEPSZABADSAG in Hungarian*  
*20 Apr 93 p 3*

[Article by Andras Desi: "The Democratic Association of Hungarians in Romania Welcomes the Commencement of Regular Broadcasts by Duna TV"]

[Text] The two-day visit in Budapest by a joint delegation of the RMDSZ [Democratic Association of Hungarians in Romania] caucuses in the Romanian Senate and House of Deputies respectively is not merely of symbolic importance. Its purpose is to establish the Association's

regular contacts with the mainstream of domestic politics in Hungary, including also the Hungarian National Assembly.

This is what Bela Marko, the president of RMDSZ, told reporters yesterday, after the 32-member delegation he is leading met with Prime Minister Jozsef Antall and Gyorgy Szabad, the speaker of the National Assembly. President of the Republic Arpad Goncz also received the delegation.

Responding to a question put to him by our reporter, Romania's ethnic Hungarian politician denied comments in the Bucharest press about an all-Hungarian parliamentary meeting taking place in Budapest. "We are the guests of another country's legislative body. At the same time, it is a historical and cultural truth of at least equal importance that we all belong to the same nation, the Hungarian one," he added.

Marko went on to explain that, while the RMDSZ is striving to develop their own conceptual plan of Transylvania's ethnic Hungarians regarding their future, it also expects the Hungarian government's and the Hungarian political parties' support for the realization of its objectives. At the same time, according to Marko, the RMDSZ emphatically needs to be present before the various European forums. The continent's responsible politicians must recognize that rectification of the situation of East Europe's minorities—including the Hungarian ethnic minorities—is one of the key issues in this area. It is not simply a matter of human rights, but of security policy as well.

"The RMDSZ has long been demanding a say in questions affecting Romania's ethnic Hungarian community. Our recent meeting with Romania's foreign minister has been a step forward in that direction, even though we failed to agree on a number of questions. At the same time, the situation of the minorities also affects bilateral relations between Hungary and Romania," Marko said in conjunction with the fact that the question of a basic agreement between the two countries has arisen also in the course of the delegation's current talks.

When asked by our reporter for his opinion, Marko called the commencement of regular transmission by Duna TV one of the most important measures undertaken by the Hungarian government. As a result, it is now possible to watch Hungarian television throughout entire Szekelyland [eastern Transylvania]. Which is of immense importance, because up to now only Romanian television's brief programs in Hungarian could be received in the area, Marko said. Admittedly, watching Duna TV is not a simple matter, because few families can afford an expensive television set. As a matter of principle, however, this has been a very important and highly welcome development, he added.

## \* Controversy Over Funding of Duna TV Continues

## 'Secret Resolution' Aired

93CH0553A Budapest MAGYAR HIRLAP  
in Hungarian 8 Apr 93 p 1

[Article by 'L. Szu.': "The Resolution Has Been Declassified"]

[Text] The statement issued by the prime minister's press office yesterday revealed that Government Resolution No. 3064/1993, adopted on 21 January of this year, actually exists. (The statement can be read on page 4 of this issue.) In response to our question, State Secretary Tamas Katona of the Prime Minister's Office admitted that the resolution, besides approving a 1993 budgetary grant of two billion forints for Duna TV, also states that a supplementary grant—no exact amount is given—will be necessary for satellite television broadcasting.

Up to now the state secretary has been saying that, "to the best of his knowledge," no such government resolution existed. As he told our reporter yesterday, previously only ministers or officials of even higher rank were allowed to have any knowledge of the government resolution in question. But Tuesday afternoon—after the information was leaked—the resolution's "secret" classification was lifted, and thus also the state secretary was able to acquaint himself with its contents. As Tamas Katona said, various ways of providing financial assistance for Duna TV were being considered because the state budget's well known situation made a substantial budgetary grant uncertain. Thus the possibility was raised of providing a grant in accordance with the principles of assets policy. The details and the mechanism for providing such a grant have yet to be worked out. And since approval of the principles of assets policy is within the National Assembly's purview, there will be complete openness in debating this matter. "The government is not providing grants for any foundation secretly," Tamas Katona emphasized. (According to a document in the possession of our editorial office, the question of transferring assets to the Hungaria Television Foundation had been on the agenda already of the 17 March meeting of the State Property Agency's board of directors.)

Our next question was: On the basis of what statutory regulation was Duna TV able to begin regular broadcasting, in view of the fact that—according to the regulations now in force—no single ministry has authority to issue a license for nationwide television broadcasting? The state secretary's answer to this question was: "At the time the government felt that in this case it had an obligation to fulfill by every possible means." Obviously, the 1986 Media Law had been unable to regulate satellite television broadcasting, and a new media law had not yet been enacted. Regardless of the absence of statutory regulation, however, the government did not wish to

loose the Eutelsat channel that had been leased. Thereafter Tamas Katona declared that Duna TV had begun regular broadcasting in accordance with the law. (Incidentally, the charter establishing the Hungaria Television Foundation provides for making satellite broadcasting possible. However, it would not be surprising if there were a "secret" government resolution for that too—Author.) When asked why, in the light of all this, the government had not allowed the BP-1 television network to broadcast from the same satellite, the state secretary replied that this was a business venture of uncertain background and not very well known, and therefore the government's assumption of responsibility for it would have been a sensitive issue.

## Government Statement

93CH0553B Budapest MAGYAR HIRLAP  
in Hungarian 8 Apr 93 p 4

[Text of undated statement issued by Prime Minister Jozsef Antall's press office: "The Hungaria Television Foundation Has Not Received Any Assets"]

[Text] In conjunction with certain rumors and published reports about the state financing of Duna TV, we deem it warranted to make the following information public.

On 10 September 1992 the government adopted a resolution on establishing a foundation that would support the production and satellite broadcasting of television programs for the information of ethnic Hungarians living beyond our borders. Our efforts have been and are guided primarily by a desire to provide information, free of politics, for the Hungarians living in the Danube region, and to help them preserve their language and culture. Once the foundation was established, the search began for funds to operate Duna TV. The cabinet considered this question also in January 1993 and adopted a resolution that provides a grant of 2.0 billion forints for the foundation from the state budget, and also establishes that a supplementary grant will be necessary for satellite broadcasting in 1993. The source of this supplementary grant could be assets transferred in accordance with the principles of assets policy. The resolution did not specify any amount.

Of course, if the government chooses this mode of financing, it will still be necessary to work out the details and the entire mechanism of the transfer. In view of the fact that approval of the principles of assets policy is within the National Assembly's purview, and no principles have yet been approved for 1993, it will naturally be possible to debate this question in Parliament with complete openness. On the basis of the preceding, therefore, all the statements and findings that predict the transfer of substantial assets, worth between 10 and 15 billion forints, to the foundation are entirely unfounded. Besides the already mentioned budgetary grant, the foundation up to now has not received any other financial support.

### Opposition Criticism

93CH0553C Budapest MAGYAR HIRLAP  
in Hungarian 8 Apr 93 pp 1, 5

[Article by 'L. Szu.': "SZDSZ Assessment of the Duna TV Affair: The Salvaging of State Assets for a Private Purpose"]

[Text] "After the false assertions Tamas Katona made in the Duna TV affair, he will have to tell the truth very many times before we cease to doubt his words. At the same time, such behavior questions the underlying veracity of all previous government statements regarding the media," Gabor Kuncze, the leader of the SZDSZ [Alliance of Free Democrats] caucus in the National Assembly, established at yesterday's press conference that assessed the developments in this affair.

Gabor Kuncze also pointed out that his recent meeting with the state secretary had not been a simple discussion of the matter between friends. He as the leader of a parliamentary party's caucus had talked with the competent government official. Kuncze declared: "After what happened, we may safely disregard Tamas Katona. In our view, he has ceased to be a government factor whose assertions carry any weight."

"But much more worrisome," he continued, "is what has been occurring in conjunction with the Hungaria Television Foundation. The charter establishing the foundation states that when the foundation should cease, its founder (the government) will have the right to transfer the foundation's accumulated assets to other foundations. Thus the government, aware of a foreseeable election defeat, could salvage the state's assets by transferring them to a private foundation. All this, of course, would make sense only if in the meantime the foundation has been endowed with suitable assets. And the sum of 10 to 15 billion forints appears realistic in spite of all government denials, because only that volume of assets could produce the required yield," Kuncze pointed out.

The leader of the SZDSZ caucus rejected statements claiming that a grant in the form of a transfer of assets would be warranted because that would spare the state budget. If the state were to sell the same assets instead of giving them away free of charge, that would provide considerable revenue for the state budget. For instance, the state would be able to collect that much less tax revenue or cover the cost of social insurance, or even maintain the stability of the purchasing power of pensions. "It must be established," Kuncze declared, "that the government has violated the law, as it did in the case of the Foundation for Culture and Adult Education. For the State Budget Law specifies that 'assets associated with the state budget's subsystems may be transferred free of charge, or such claims may be waived, only in the manner specified by statute.' But there is no such statute! The law also states that transactions involving state assets must be open and aboveboard. In contrast, a secret government resolution was adopted in the matter of Duna TV. This raises the following question: How much

money have the 63 secret government resolutions preceding Government Resolution No. 3064 provided, and for which foundations?"

Gabor Kuncze announced that the SZDSZ would be calling for audits, by the Auditor General's Office, of several of the larger firms in which the state is the majority stockholder, in order to determine what amounts they have been contributing to foundations. The Free Democrats will also propose requiring Privatization Minister Tamas Szabo to submit a report and to state which position he intended to keep in the future, that of minister or of the MDF's [Hungarian Democratic Forum's] campaign manager, because recent events have demonstrated that the two positions are incompatible. Finally, Gabor Kuncze said, the Free Democrats will propose amending the State Budget Law, to prevent even the possibility of such actions in the future.

### \* Charge: Government Maneuvers To Fund Duna TV

93CH0554A Budapest MAGYAR HIRLAP  
in Hungarian 7 Apr 93 pp 1, 3

[Unattributed interviews with various officials and politicians, including Tamas Katona, political state secretary at the Prime Minister's Office; place and date not given: "Without Authorization, State Assets Cannot Be Transferred as Grants"]

[Text] *The rumor spread yesterday that the AVU [State Property Agency] and the AV Rt. [State Assets Trust Corporation] intend to transfer between 10 and 15 billion forints from the assets of various firms, to finance Duna TV. State Secretary Tamas Katona does not know of the deliberation of any such submission in cabinet. Lajos Csepi [managing director of AVU] claims the government is seeking channels through which it could endow the Hungaria Television Foundation. And opposition deputies are demanding an investigation into what happened.*

We asked Tamas Katona, state secretary at the Prime Minister's Office, whether there really was such a government resolution?

[Katona] I usually attend cabinet meetings, but I know of no such submission. That is merely speculation.

[MAGYAR HIRLAP] Then you are claiming that no such resolution has been adopted in cabinet?

[Katona] To the best of my knowledge, No.

[MAGYAR HIRLAP] Do you think it is conceivable that such action could be carried out without a government resolution?

[Katona] I don't think so. The basis of this rumor is probably the fact that Hungarian Radio and Hungarian Television have received assistance from the government to bail them out from their heavy debts. Probably that is the source of the speculation. For why should a

starting television network be in a better situation than the national public television network?

[MAGYAR HIRLAP] Elemer Hankiss addressed an open letter to the prime minister on Tuesday. The letter alleges, among other things, that there has been a reversion at Hungarian Television, the institution has lost its independence, and supporters of the party-state have been placed in managerial positions. What is your opinion of these allegations?

[Katona] The work Hankiss undertook to carry out, but failed to do, has now been completed. The absence of any internal regulations that would have bound the [two] presidents created a ridiculous situation. The media bill was not enacted either. It was high time to establish democratic rules of the game at Hungarian Radio and Hungarian Television. Elemer Hankiss knows very well that such hierarchic institutions operate differently under one-party systems, and again differently in democracies. In Western Europe, such hierarchically organized public television networks are not regarded at all as party-state phenomena. Just as the introduction of a code of ethics embodying BBC principle does not mean party-statehood. To independence there have now been added also impartiality and objectivity.

[MAGYAR HIRLAP] Do you also deny that former party-state managers have been placed in managerial positions?

[Katona] That is quite natural. Entire Hungarian Television if full of former MSZMP [Hungarian Socialist Workers Party] members. We know very well that in certain institutions it was practically mandatory to belong to the party. During a change of political systems, the areas where transition creates the greatest problems are specifically the army, the police force, the foreign service, and the media.

[MAGYAR HIRLAP] What Hankiss objects to most, I think, is not so much an MSZMP past, but the fact that the government's rhetoric differs from its actions.

[Katona] Yes, we have long been familiar with the game called "my Communist is better than your Communist." Obviously, it is unavoidable to place in managerial positions also people who helped to run the party-state's television network, and showed no small zeal in doing so.

[MAGYAR HIRLAP] Before the election, can we expect new appointments to the top posts at Hungarian Radio and Hungarian Television?

[Katona] That can be done only when qualified persons are available for those posts. It is needless for tension to arise between the prime minister and the President of the Republic over such an issue.

I think it is conceivable that the present system of one-man management and responsibility will be retained at Hungarian Radio and Hungarian Television until the election.

### Lajos Csepi: A Government Decree Is Being Drafted

We asked Lajos Csepi, the managing director of the AVU, whether it was true that the government would solve the additional financing of Duna TV by having the State Property Agency and the State Assets Trust Corporation transfer assets worth several billion forints?

[Csepi] The government is seeking channels through which it could endow the Hungaria Television Foundation. It would be pleased indeed if we were to transfer a certain stock portfolio or certain real-estate properties from the assets of the AVU and the AV Rt. The yields of the transferred assets would provide income for the foundation.

[MAGYAR HIRLAP] Has it been determined in advance how much dividend income the stock portfolio will be required to generate? Or how much assets will have to be transferred? There is talk of transferring assets worth between 10 and 15 billion forints.

[Csepi] That has not been determined. But since we do know the profitability of the enterprises, a very large portfolio has to be put together to generate perceptible dividend income.

[MAGYAR HIRLAP] Does that mean you have been given a free hand in deciding which assets to include in the portfolio?

[Csepi] Yes. We are now setting up a committee of experts—it will be made up of representatives of the AVU, the AV Rt., and the State Property Management Organization—which will determine for the negotiations the scope of assets that can come into consideration.

[MAGYAR HIRLAP] The principles of assets policy—which Parliament still has not approved—do allow you to transfer assets to foundations free of charge. How much assets are you earmarking for that purpose this year?

[Csepi] We do not have any specific ideas on that as yet. It will be decided as we go along which foundations to support. But that will be possible only if the transfer of assets replaces subsidies from the state budget, and if the foundations serve some public purpose; for instance, if they provide welfare, health or cultural services. Anyhow, we are now drafting a government decree that will determine exactly how to request [approval for] transfers of assets, how to make decisions regarding transfers, how to apply for assets, and what conditions the applicants must meet. This is necessary so as to make it impossible to just phone the minister and ask him to transfer assets free of charge.

[MAGYAR HIRLAP] When can the promulgation of that government decree be expected?

[Csepi] It will be necessary to wait a few more months for that.



### **Nobody at Duna TV Knows About a Grant**

Responding to our question, Laszlo Szekeres, the director general of the corporation sole which operates Duna TV, said he knew nothing more about the news than what had been reported by the media.

As he informed us, he too has ascertained that, on the basis of the statutory regulations now in force, the Hungaria Television Foundation could indeed receive practically any amount in this manner. But since this matter concerns the Hungaria Television Foundation rather than Duna TV itself, any statement should come from the foundation's board of trustees, he added. (Incidentally, we wish to note that the single stockholder in the corporation sole is the Hungaria Television Foundation—Reporter.)

Marcell Jankovics, a member of the board of trustees and the spokesman for Duna TV, likewise learned about this matter from the media. In response to our inquiry, however, he did say the question had come up that Duna TV was expecting more assistance from the government. For, according to their estimates, satellite television broadcasting would require 4.5 billion forints this year, whereas from the state budget they have received "merely" 2.0 billion forints so far. Their financial problems would probably end only as of next year, by which time the plan to make Duna TV self-supporting from the proceeds of television commercials could become feasible.

### **Kuncze: State Assets Must Not Be Given Away**

Gabor Kuncze, the leader of the SZDSZ [Alliance of Free Democrats] caucus in the National Assembly, met with Tamas Katona yesterday and requested information about this matter. The SZDSZ politician said that the state secretary had denied the existence of any secret or overt government resolution regarding a supplementary grant for the operation of Duna TV. In response to Kuncze's question, Katona said that, since its establishment last year, Duna TV had not been discussed at cabinet meetings, and he also categorically denied any knowledge of a plan to provide further assistance to Duna TV. But later on, we learned from Gabor Kuncze, the state secretary did not exclude the possibility that certain members of [Hungaria Television Foundation's] board of trustees might have held talks with representatives of the AVU and AV Rt., respectively. Kuncze and Katona agreed that the AVU and the AV Rt. could not give assets away without authorization to do so.

It is an entirely different matter, Kuncze added, that a grant to Duna TV cannot even come into consideration, because the Law on the State Budget rules out the acquisition of state assets free of charge, by an organization that must be regarded as a private firm. In the opinion of the SZDSZ caucus leader, not even the foundation could qualify for state assets obtained in this manner. If there were shares whose dividends the state budget is able to dispense with, Kuncze added, he could suggest better recipients for that money (for instance, a

pension fund, or a fund for underwriting loans to small businesses). He would not consider such action as advisable from the government's point of view. And he also finds it difficult to imagine that 10-15 billion forints could be "given away" without the cabinet's knowledge.

The leader of the SZDSZ caucus wants to meet with Privatization Minister Tamas Szabo. Should the rumors prove to be true, they [the SZDSZ] would protest in Parliament, because they believe that openness must be ensured. After all, taxpayers have a right to know on what their money is being spent. In conclusion Kuncze pointed out that, in its 15 points, the SZDSZ had urged making privatization controllable and transparent. Otherwise, it was to be feared, anyone would be able to do what he liked with state assets.

### **Haraszti: The Foundation Is a Front for the Party**

"Here, under the pretext of dismantling the party-state, a new system of collective private ownership is being developed, under which such foundations serve as fronts for the party, or as its organs for acquiring wealth," Miklos Haraszti [of the SZDSZ] believes. "The purpose is to gain legitimacy for the various foundations, through legislation. Usually the loopholes subtly left open in the statutory regulations are utilized for this purpose. In the given case, the method of choosing the trustees—seemingly socialized, but actually kept strictly under party control—is the loophole of which the party is taking advantage. In the matter of establishing the Hungaria Television Foundation, the government made its decision without any cooperation from the legislature. What happens when and if the legislature is not left out is that the deputies allocate a certain amount for culture, the ministry sets up a foundation and then asks society to nominate candidates for appointment as trustees. But it just so happens that the persons who are appointed, and are vested with the rights of trustees, always come from the same circle. Now a new element is that the foundation is getting privatizable real-estate properties that are truly profitable."

### **Janos Schiffer: The Rumors Could Have Some Factual Basis**

"It was to be expected that sooner or later something would be revealed. After all, Duna TV is operating, and there probably is substantial capital behind it," said Janos Schiffer [of the Hungarian Socialist Party]. "It is a contradiction that fierce battles are being waged over foundations endowed with a few hundred million forints, while huge sums quietly escape oversight. Of course, a thorough investigation must be conducted to determine how much of the circulating rumors is true, but I suspect that they probably have some factual basis. To develop its own future political base, the government is extracting huge sums from the state's assets and passing them on to the foundation. That already points beyond the permissible limit."

**Zsolt Nemeth: Duna TV Is a Source of Tension**

Zsolt Nemeth, a member of the FIDESZ [Federation of Young Democrats] Executive Committee, explained that the Duna TV affair has long been a source of tension in domestic politics. The problem stems, among other things, from the fact that the network has been established actually by circumventing the moratorium of frequency allocations. Likewise worrying, in the FIDESZ politician's opinion, is that the Hungaria Television Foundation's board of trustees consists exclusively of the ruling party's politicians; the government has avoided even the appearance of attempting to reach a six-party consensus. The legitimate organizations of ethnic Hungarians in other countries likewise have no say in either the establishment or the operation of this television network. Under these circumstances it would be a very risky move to grant the foundation 10 to 15 billion forints' worth of assets, because that would only further intensify the tensions. Not denying the need for a medium that provides objective information for the Hungarians living beyond our borders, the FIDESZ politician believes that a process of gathering comments and reaching agreement, both at home and abroad, is absolutely essential. Unless that is done, Zsolt Nemeth noted, the operation of Duna TV will become impossible and will remain a source of tension both here at home and abroad.

**\* Competition for Media Frequencies Described**

93CH0585E Budapest NEPSZABADSAG in Hungarian  
19 Apr 93 p 8

[Article by Gy.V.: "An Opening for the Electronic Media: Local Stations Compete for Frequency Allocations"]

[Text] The balance between the openness of the print and the electronic media respectively has been upset in Hungary. The process began earlier, in the mid-1980's.

Freedom to express thoughts in print arrived under the Nemeth government. A great boom developed in the print media's market: new newspapers and journals appeared in numbers and in a diversity that could hardly have been imagined before. Moreover, no license is necessary to start new newspapers or journals—the publisher is merely required to register them.

The trend of the domestic electronic media has been the exact opposite. After the licensing of a few new radio channels (Radio Bridge, for instance), the competent authorities—again under the Nemeth government—practically froze the allocation of radio and television frequencies, citing as reasons the limited availability of frequencies and the political transition. By means of a government resolution, they introduced a so-called frequency moratorium. Realization of freedom of the press for the electronic media awaited the Antall government.

The obligation to implement freedom of the press for the electronic media is prescribed more directly by a provision in the amended Constitution. It requires the government and the National Assembly, among other things, to regulate by statute—one that has been enacted by a two-thirds vote, moreover—the supervision of public radio and television, and the rules for the licensing of commercial radio and television stations. That would have been the Media Law. And since no such law has been enacted, the constitutional obstacles that prevent the founding and operation of commercial radio and television stations would still exist, even if the government were to lift the frequency moratorium. For the same reasons, however, even the founding of new national public radio and television networks would be questionable (both legally and politically; viz., the response to satellite broadcasting by Duna TV).

It is always the public that has to bear, and grumbles about, the consequences of the politicians' failure—i.e., of the fact that, in the new government's fourth year in office, the guarantees of freedom of the press are still lacking for the electronic media. The government's efforts to excuse its responsibility and to attempt a spectacular "media gesture"—namely, to lift the frequency moratorium within the government's own competence, by means of a 3000-series secret resolution that withdraws its legislative bill on the frequency moratorium (which, incidentally, the National Assembly has never considered) and frees the available frequencies for local public electronic media—are quite understandable.

With their parliamentary majority, the government and the ruling coalition are able to create the most essential conditions for this. They are promising that the new Post and Telecommunications Law, supplemented by the Frequency Administration Law whose enactment is expected within the next few days, and by a ministerial decree to be issued soon, will enable them to enforce the interests of the administration of national frequencies, and also to ensure equal opportunity in obtaining radio and television frequency allocations, through a competition organized by the ministry.

For the government, the Institute for the Administration of Frequencies has already prepared a list of the radio and television frequencies that could be allocated in a competition to be held perhaps as early as June. The institute adhered to a basic principle formulated earlier—namely, to enable possibly all settlements with more than 30,000 residents to operate their own locally edited electronic media. According to information supplied by the institute, provisions have been made wherever possible for the operation of two or three radio or television channels. In the competition, therefore, applicants will be competing not for just one frequency allocation per settlement.

According to the present thinking, it will be regarded as local broadcasting when there are fewer than 100,000 residents in a channel's reception area. In Budapest, a local reception area may include at most 5 percent of the

country's population (about 500,000 residents). Which means that at least four local stations will be possible in Budapest. On the other hand, the entire area of, say, Miskolc cannot be covered by a single local station.

Let us not forget the political implications of the "allocation of local frequencies." The more so because one already hears of various guesses about which political tendency or side could gain an advantage as the local electronic media emerge. The coalition's intentions are being weighed and also what the local governments are planning to do, because in many localities it is not the coalition that plays the leading role in local government. Real answers to these questions will be possible only after the rules of the competition will have been announced, and even more so after the applications will have been judged. Presumably the new opportunities will introduce a bit of effervescence into the lives of local communities, but perhaps those opportunities will not be enjoyed primarily by local amateur social initiatives (although that too will be possible, according to rumors). But the main question is: To what extent will the tone and aspect of the local electronic media be influenced by the fact that most of them will be able to start broadcasting at the beginning of the election campaign?

Our paper has been informed that prospective local broadcasters will first have to obtain a permit to establish a studio. Once that permit is in their possession, they can decide whether to commission Antenna Hungarica to procure and install the equipment for the local station, to operate it, and to obtain the necessary licenses; or to do all that themselves (which will be possible only after the Frequency Administration Law's enactment). If they choose the first option, the specialized enterprise—on the basis of a preliminary frequency allocation—will take care of everything, for a fee.

Replying to our question, Jozsef Bartha, the director general of Antenna Hungarica, said that his enterprise would undertake to procure the broadcasting equipment at its own expense, if the customer agrees to contract and use the services of Antenna Hungarica's transmitter for several years.

Thus the prospective local broadcasters can avoid a substantial cost: according to our information, the price of a low-power radio transmitter ranges from 100,000 or 200,000 forints to one or two millions. The local broadcaster pays an hourly fee for the transmitter's use. The amount of the hourly fee depends on the extent to which the local broadcaster utilizes the equipment, on the length of the program he broadcasts. Obviously, local broadcasters wishing to broadcast only an hour or two a day, or a few hours a week, will be better off if they jointly use the same transmitter. Delivery of a radio transmitter ordered from abroad will require about three months; installing the equipment and placing it in operation will take slightly longer.

If the station meets all the technical specifications, the local broadcaster may obtain a radio license. (The license

that a local television station gets is also called a radio license.) In possession of that license, he may broadcast his programs, presumably for six years. Naturally, he cannot do so free of charge: he will have to pay a fee for using the frequency (or a commitment fee until the license is issued).

#### **\* Raised Rent Seen Forcing Csurka From Offices**

*93CH0585B Budapest NEPSZABADSAG in Hungarian  
20 Apr 93 p 4*

[Article by J. Tibor Keri: "Are Csurka and His Followers Saying Farewell to Lujza Blaha Square?"]

[Text] NEPSZABADSAG has been informed that Jozsef Horti, the director general of Hirlapkiado Vallalat (Newspaper Publishing Enterprise), has substantially raised the rent, as of the second quarter, for the premises of MAGYAR FORUM's editorial offices located in the enterprise's headquarters building on Lujza Blaha Square. The rent increase could force Csurka and MAGYAR FORUM to vacate the premises.

According to our information, the newspaper used to pay a rent of two million forints a year for the offices it is occupying in the Press Building on Lujza Blaha Square. Following the publication in PESTI HIRLAP of an interview with the prime minister, the director general of Hirlapkiado Vallalat raised the rent for the offices to 280,000 forints a month. As of April, moreover, the rent is payable monthly, rather than in one sum at the end of the year, as had been the practice up to now. In addition to the substantially increased rent, there are also the utility rates that, in the newspaper's case, amount to about 180,000 forints a month and, as stipulated by the enterprise, are payable in advance for each quarter. Our newspaper has been told that Istvan Csurka and his coworkers are already seeking new premises for the editorial offices of MAGYAR FORUM, because they consider the rent increase unwarranted. Thus, if they do move from Lujza Blaha Square, MAGYAR FORUM's neon sign would be taken down from the Press Building's facade. The sign was put up shortly after the change of political systems. All this, together with other indications, points to the maturing of a break between the MDF [Hungarian Democratic Forum] leadership on the one hand, and MAGYAR FORUM and the Hungarian Way Foundation, which is hallmarked with Csurka's name, on the other hand. Lately MAGYAR FORUM has ceased to publish the Lakitelek Foundation's supplement.

#### **\* Further Publication of BESZELO 'Uncertain'**

*93CH0566C Budapest NEPSZABADSAG in Hungarian  
10 Apr 93 p 5*

[Unattributed report: "Will the BESZELO Fold Up?"]

[Text] (From our correspondent) For the time being, the publication of the weekly magazine BESZELO continues

to be uncertain from week to week. As we have learned from Editor Eva Fekete, the financial resources of Beszelo Ltd. and the foundation are insufficient for the steady operation and typographic modernization of the magazine, which has a great tradition and which became famous as a samizdat publication. Without an injection of a significant amount of capital, the magazine can be published for about another six weeks—despite the fact that the staff does not waste any of the limited resources.

Although Editor in Chief Ferenc Koszeg is a parliamentary representative of the SZDSZ [Alliance of Free Democrats], the BESZELO has never asked for, and never received, any money from the SZDSZ. One reason for this may be the fact that relations between the editors and SZDSZ leaders—who have almost gone as far as calling the magazine anarchist—are not entirely unclouded. According to our information, several readers found it strange that the SZDSZ failed to provide either financial or moral support for the BESZELO.



**\* Changes in Government, Role of Church Discussed**

93EP0234A Poznan WPROST in Polish No 14,  
4 Apr 93 pp 13-14

[Interview with Jan Maria Rokita, chief of the Council of Ministers, by Monika Olejnik; place and date not given: "Within the Limits of Reason"]

[Text] [Olejnik] The firing of the PSL [Polish Peasant Party] deputy ministers was considered by peasant parties revenge for the voting on the PPP [Universal Privatization Program] issue. Are you a minister in a government of suicides?

[Rokita] There is no reason to try to win such bitter enemies. The prime minister has a perfect right to judge her ministers on their merits. It does not mean, however, that we will maniacally cut down members of the PSL. We are not a lunatic asylum; we are a reasonable government. However, the PSL, as a leader of our enemies, cannot expect favorable political treatment.

[Olejnik] You have to admit, though, that you need allies. The prime minister, however, instead of diplomatic negotiations with the opposition, manifests her displeasure with the PC [Center Accord] or the RdR [Movement for the Republic] and does not even try to look for errors within her own coalition.

[Rokita] No one can blame her for that. One criticizes one's antagonists, not one's allies.

[Olejnik] The general opinion, though, is that Suchocka's government moves on the edge. As a minority government, it has no reason for its existence.

[Rokita] It would be very difficult to dismiss it through the parliamentary procedure, and that is true not only because of the generally expressed opinion that there is no alternative for this government. One should also keep in mind the high social prestige for Hanna Suchocka and the formal difficulties created by the "small constitution." A sword of Damocles is hanging over the government because its continued existence does not go together with an ability to carry out reforms.

[Olejnik] However, it is the parliament and not the society that will resolve the matter.

[Rokita] Not quite. Besides the parliament, the president and the lobbies; miners and steelworkers are of great significance on the political scene.

[Olejnik] You believe that miners love the prime minister?

[Rokita] They cannot hate her that much if she has gained 80-percent acceptance. That is why, without disregard for the parliament, which is always capable of successfully blocking any reform, we are talking about a referendum.

[Olejnik] Antagonizing the opposition in this way—how and where do you seek support?

[Rokita] Among proreform forces. To me, the greatest enemy is a journalist who asks me what the proreform forces are.

[Olejnik] And what are the proreform forces?

[Rokita] I will not answer a question formed in this way.

[Olejnik] And what are the antireform forces?

[Rokita] If I called, for example, the SLD [Democratic Left Alliance], the PSL, or the PC antireform, I would be antieffective. And I do want to be effective. Any rational government and any rational prime minister should move around the whole political scene in Poland.

[Olejnik] Are you not giving the opposition the glad eye out of fear that it will block any government move?

[Rokita] Not out of fear; out of conscious choice. We may create a reasonable election law together with the KPN [Confederation for an Independent Poland], the PPP [expansion unknown], the PC, part of the SLD, and the trade unions. On the issue of border safety, for instance, we have a chance to have an accord with the radical part of the ZChN [Christian-National Union]. And this is a way to raise the effectiveness of the government.

[Olejnik] Sometimes, however, a majority is needed. What would happen if the price for it were the support for the president's lustration law?

[Rokita] The destabilization of the state may not be the price. Creating a separate lustration law for the president or his staff is such an attempt. It would mean that the government would join the camp that demands the president's impeachment and a conflict with the Belweder. The story of Jan Olszewski's government teaches us that this type of game should not be played on the political scene.

[Olejnik] Everyone has his price. The KPN may be bought by selling Minister Lewandowski. Before, people shouted: "Away with Balcerowicz." Now it is: "Away with Lewandowski". Every period has its demon.

[Rokita] The opposition may not determine the composition of the Cabinet. We would lose our coalition partners and the ability to govern.

[Olejnik] When I ask people in the street who rules Poland, they respond: "The ZChN". It is a small but loud electorate. The Union is losing its identity, as claimed at least by its men of wisdom, by making concessions to the ZChN. You make concessions and receive blows.

[Rokita] I do not share that opinion. The statement that the ZChN rules Poland is as absurd as the one that the

Union rules it. Such answers are given by people suffering from ideological phobias: anti-European, nationalist.

[Olejnik] But you do make concessions. And you are not unanimous at all. The appointment of the ZChN voivode of Lodz to the office of the regional plenipotentiary was reason enough for Jacek Kuron to want to resign and for Michal Boni to fall regularly into depression.

[Rokita] In my club, I am criticized for grinding down the Lodz branch of the Union. When I visit the ZChN club, I am reproached. They say, for instance, that the voivode of Przemyśl—a nonparty man, by the way—is my secret Union coworker. And even though I try to defend the state administration against the attacks of the coalition members, no one likes me to the extent I deserve.

[Olejnik] Adam Glapinski, a classical representative of the PC, has said that the Democratic Union is not a political party but a state of political impotence.

[Rokita] His behavior means that even the most intelligent man, when overtaken by fear and hate, is capable, at least in words, of real viciousness.

[Olejnik] Recently you turned to the church, which is seen as criticism of that institution, for its attitude to reforms. Is it "turning to God when in fear" or a game before the congress and a gesture toward the left of the Union?

[Rokita] Neither a gesture nor a game. Since the beginning, the prime minister has believed that, just as the church has the right to have certain expectations from the state, so may the state count on the church's support—on the issue of the reforms, for example. In my opinion, the church does not fulfill this obligation adequately.

I am against those who would like to confine the church and the clergy to the vestibules. In Poland, the church is a social stabilizer and a carrier of fundamental values. That is why, from the secular perspective, it has public obligations toward the state.

[Olejnik] How did the episcopate really take your criticism?

[Rokita] I have the impression that more and more bishops understand the necessity of the church's cooperating in the process of reforms, or the civilizational rebuilding of the country. But there are also those bishops in the episcopate who perceive the pro-market and pro-capitalist changes as a fundamental threat to the church. They are afraid of moral nihilism. A discussion of those issues is now going on in the church, and its outcome will be very important to Poland.

[Olejnik] On which side is Primate Glemp?

[Rokita] You are asking too much. I am, after all, a member of a joint commission of the government and the episcopate. If any of the bishops expressed opinions on conflicts within the government, I would object. That is why I will not answer that question.

[Olejnik] Does the church want to have a hand in the appointments to the state administration offices, and is that its expectation from the state?

[Rokita] Bishops have written letters regarding voivodes and have sharply criticized the decisions of the prime minister. I have courteously explained that the inclusion of church authority in assessing the prime minister's personnel decisions is not the way to go about it. Anyway, that is all in the past.

[Olejnik] What, then, does the church expect now?

[Rokita] The church is in a difficult financial situation and needs our help. It would also like to sanction the civil and legal consequences of a church wedding. Some of the church's postulates were carried out even to the point of exaggeration—for example, the famous Christian values and their inclusion in the law. That is why, in the future, we should not give up negotiations.

We have to admit it is grotesque that, just as during the past four decades, we still require two weddings in Poland. On the other hand, suggestions of some bishops to limit the number of divorces have to be rejected.

[Olejnik] If we cross the Rubicon—lack of support from the church and the opposition—there remains the referendum: "Rokita's weird idea" or a "reasonable" idea?

[Rokita] The referendum carries serious threats. It is a form of replacing a representative democracy with a populist one. It threatens an escalation of demands from the masses.

[Olejnik] You have a strange understanding of democracy. When the government is threatened, you accept the possibility of a referendum; when the people want a referendum on abortion, you say "no."

[Rokita] I opposed the referendum on abortion not on moral grounds but because the society would be divided into clerical and anticlerical. That would create a real threat to the country; the split would take place within that portion of society that wants the civilizational changes, capitalism, a liberal economy, and joining Europe. When I speak of a referendum, I have in mind a picture of Poland in which the antireform attitudes have diminished and the proreform ones have grown.

[Olejnik] And where is the president who says it is too late for a referendum?

[Rokita] It is not too late.

[Olejnik] And what do you think of earlier elections?

[Rokita] Every political camp calls for parliamentary elections when it has the highest chance of winning. I think it is too early in our case.

**\* 'Populism' Noted in Programs of Various Parties**

93EP0236A Warsaw *POLITYKA* in Polish No 16,  
17 Apr 93 pp 1, 11

[Article by Janina Paradowska and Wieslaw Wladyka:  
"Who Shall Offer the Most: Polish Populism '93"]

[Text] "Populism is, if you please, nothing other than extending rights and responsibilities to broader social strata, which, precisely in this country, would be a very useful thing to do," said Maciej Jankowski, head of the Mazowsze [Solidarity] Region, in an interview. It is not quite clear what that means, but what Jankowski is doing is clear: marches, rallies, general strikes, attacks on "the elites that must be swept out as with a broom," appeals for justice "in which all should share," promises of settling the hash of thieves and plunderers of national wealth. The ranks of like-minded people are said to be growing. They are called populists. Are they our future?

Populism, which has become somehow especially popular in the 20th century and migrated across many continents in the course of 100 years has been quite well described by theorists in all of its varieties, and its definitions do not vary too much. It is a strategy of struggle for power consisting in gaining mass support by means of slogans responsive to the anxieties, frustrations, and fears felt by the public. Such appeals to popular will, to faith in "the healthy common sense of the people," to the hopes of people that things can improve rapidly are simple and painless prescriptions.

The ideology and the practice of populism have provided in this century fertile soil for the growth of dictators, charismatic leaders, and great social movements, as well as for the burgeoning, in both the past and the present, of otherwise marginal political parties. Nowadays, the most often described variety of populism is the so-called rightist radical populism, which has for several years now been roiling the traditional structure of party systems in West Europe. Operating with nationalist, anti-immigrant slogans and inciting hostility to "foreigners," it is unexpectedly winning many followers in many countries.

The causes of populism have also been researched; it rears its head wherever major social crises arise, traditional systems of values become undermined, and sudden adverse changes in the well-being of large social groups arise, wherever the incapacity of the traditional system of political parties becomes manifest as it becomes increasingly alienated, corrupt, and less and less effective in resolving particular problems.

The reflections of theorists do not always fit our Polish situation. They described and analyzed movements that

have usually been arising in countries with well-developed market economies and private ownership as the dominant mode, and that do not contest that system. Instead, those movements aspire to an economically more just society, to improvements in the living standards of the least well-off strata. After all, not all of the great populist movements were frauds manipulated solely with the object of seizing dictatorial power, although, in most cases, they culminated precisely in dictatorship.

The Polish experience as well as that of the other countries of East Europe is yet to be analyzed; the region still remains a laboratory in which various experiments are under way—experiments that are just as fascinating to researchers in theory as they are painful to the man on the street. It is thus not surprising that, among the recorders of those experiments, there is no agreement on even the fundamental question: whether we are dealing here with populism or with ordinary social demagoguery—that is, with bunches of slogans, wishful thinking, and unbacked promises. And the word "populism" is so often in common currency only because it is an unusually convenient label, serving to put down the political enemy because it has bad connotations, reeks of large-scale manipulation, introduces an element of permanent unrest in politics and the life of the society, heats up the public mood, and is linked to the specter, looming on the horizon, of some form of authoritarian rule.

Populism could be viewed as a phenomenon arising at the interface between capitalism and socialism, or resulting from the clash between "our" and "alien" interests, or both. In the presence of crises and chaos, both these forms of conflicts often arise and become compounded into a mixture that is practically impossible to dissociate into its original ingredients. Here in Poland, it is not the case that socialism as a concept of social justice, of the advancement of a new and large social group, is incorporated in capitalism. On the contrary, it is capitalism that is being grafted onto a society that has been accustomed for decades to a "me too" attitude and to presenting the bill for "them" to foot. Such also is the psychological-political genesis of Solidarity, that seedbed of the modern Polish political scene. Besides, practically none of its segments (including—and perhaps above all—the forces that are the direct heirs of the former Polish People's Republic) can free themselves of this tradition, of this feeling of moral obligation to the people on whose behalf they acted, and, when they try to do so, they rapidly lose popularity, like, say, the cool, modern, and objective Liberals.

It appears that the politicians who gained power in 1989 with the support of the masses have huge personal problems in defining their position and stance toward the society, especially when the latter does not behave in accordance with textbook predictions. Should they oppose the principal segments of that society—workers, peasants, and the intelligentsia, to use the old formulation—or should they seek to establish contact with them? If yes, that already is a step on the road to populism or,

to put it more precisely, to social demagoguery. Nowadays, many politicians, whether consciously or intuitively, are opting for this tactic and this style, which seem to assure greater political success than orating in the language of economic effects, universal values, democracy, and the rights of man and citizen. In the end, such politicking can always be explained as being due to an emergency situation, to some particular rationales, or to politics in general. He is in the right who does not lose and has a chance to stay in the game.

One aspect of modern demagoguery is the avoidance of class slogans couched in simple language; they have simply become too compromised.

To populists of varying hue, the point of reference and audience is, as a rule, "broader social strata," "the people," "all," "those who are being robbed," and, of course, "Poles-Catholics." After all, Polish populism, like any other populism, including those in the West, has its nationalistic form. In addition, in this country, so-called Christian values are often constituent elements of that nationalism. This populism is in search of an enemy and even creates him because, without an enemy, it can neither live nor thrive. That enemy is conceived as foreign, whether by nationality, religion, or ideology. He is a German, a Russian, or a Jew. He is a communist, a commie agent, a godless person.... And of course, he is a political competitor, who is painted a corresponding hue. It simply does not pay to say what things are really like and to state clearly that giving something to workers would mean taking something away from peasants and vice versa, and that, conversely, there simply would be not enough postcommunist property left were it to be apportioned equally among all, that one must calculate properly before giving something away, and that certainly it would be good to own something first.

### Three Times Yes

There is no doubt that, in recent weeks, we have entered into a new stage of preying upon social frustrations, anxieties, and a mood of hopelessness and fear. The bidding for popularity reopened once the Sejm refused to pass the mass privatization program. That refusal caused certain groups to creep out from cracks in the wall and greatly enriched the palette of Polish populisms, on which, especially, the idea, supported by the National Committee of NSZZ Solidarity, of a referendum on lustration began to glow in all colors of the rainbow.

—Do you favor changing the law so as to make it possible to verify the origin of the capital owned by Polish citizens who have been acquiring state property since 1975?

—Do you favor changing the law so as to make it possible, in the event that the source of the capital mentioned in question 1 is unknown, or, if the capital was obtained by persons abusing their official positions, for the assets acquired from the state to be transferred to ownership by the state without the right to any compensation whatsoever?

—Do you favor making all adult citizens of the Republic proprietors by apportioning to them equally the right to own 50 percent of state property, including recovered property?

Such is the new splendiferous idea of "Three Times Yes." Janusz Jankowiak commented in *GAZETA WYBORCZA* on the "horrifying race to outbid each other in making populist demands." Others have pointed out that the text of those questions was published on 1 April. To be sure, after 1 April, most columnists based their weekly "japes" on a similar idea on the grounds that they supposedly cannot tell the difference between genuine news and April fool news. But that was genuine news! Solidarity had to compete with the presidential and network offers by promising 300 million zlotys [Z] [in stock vouchers per citizen]. What new populist demands will be made by the OPZZ [All-Polish Trade Unions Agreement] and how will it be outbid late in April by the KPN [Confederation for an Independent Poland], which is said to be preparing a new program, inclusive of support for privatization, for that time? For the time being, the KPN is advocating a halt to privatization, the exclusion of all who have foreign passports, and the shutdown of the Ministry of Ownership Transformations. The idea of the lustration referendum was supported by the Movement for the Republic, to which any such idea is close to the heart. The lustration referendum would mean a veritable revolution. So long as lustration was confined to the Solidarity elites, a majority of the public, though in support of eliminating communist agents from the highest positions in the government, viewed this whole matter rather indifferently. But the idea that a person can be deprived of property that would then be distributed among others is a horse of another color. Instead of job vacancies to be filled, the point now is property and assets, even if in a sorry state.

Thus, we encounter the land of the absurd and Polish populism, vintage '93. The special and unavoidable price of democracy! The players in this game, with their competing bids, are totally isolated from reality. The Nonpartisan Movement for Reform is growing around the Presidency (incidentally, there is no end to oddities: A truly demagogic grouping has taken on precisely this appellation, emulating Jozef Pilsudski's quondam 1928 Nonpartisan Bloc for Cooperation with the Government), with the support of the president, who feels increasingly better when wearing a field uniform. "I was born a general," Corporal Walesa declares nowadays, and, somehow, few people find that joke funny.

### From Trivia to a Bidding Contest

When did those races of demagoguery and populism begin? Nearly everyone points to the presidential campaign, although the promises made then, including even that unfortunate slogan of Z100 million, sound so trivial nowadays compared with the generous promises now being dispensed by the parties. An important watershed was undoubtedly Tadeusz Mazowiecki's loss in those



memorable elections and, hence, also the undermining of Leszek Balcerowicz's economic [shock therapy] policy. To be sure, the basic premises of that policy have been followed to this day, but now shamefacedly and without publicity. For accuracy, it is worth noting that, although Lech Walesa was instrumental in bringing about the end of the "thick black line" and the schism within Solidarity, he was not responsible for other and still greater devastations in social awareness; here the responsibility is broader and rests on quite a few individuals.

Stan Tyminski left as his legacy a still undefined electorate that is of an incredibly varied nature and still has to be won over. It is termed, not very felicitously, "Poland B"—not very felicitously in the sense that this term points to an inferior, less educated, and poorer Poland, one more frustrated and unusually disoriented, a Poland waiting for a Great Magus, for a miracle worker.

But it was not Mr. Tyminski who had conceived that Poland. It existed and, to this day, still exists. It merely sufficed to address it. The contest for that electorate, which commenced almost immediately after the presidential elections (considering that parliamentary elections had been expected as soon as the following spring), started a veritable orchestra of promises. It was then that the image of a Poland with which no government, whether leftist or rightist, Christian-peasant or social-liberal, could cope, now or in the future, first emerged and began to be embodied politically. The image of a country had been formed and deliberately ruined by its rulers with the object of selling it for pennies for foreign capital, a country of scams without which we would have been living in prosperity. Troops of politicians of varying party affiliation, including Solidarity politicians, have been working in the sweat of their brow to create such an image. It was then that the just barely buried division into "us" and "them" was dug up again with considerable effort.

The image of an incompetent and doctrinaire administration enmeshed in the nets of world financial institutions was created. Superimposed on that image afterwards—after the election, the electoral campaign has continued for the past three years without stopping, which is not without significance in this entire matter—was the image of an entire political class, of elites absorbed in an internecine struggle for high offices, of tiny but powerful political parties, which had to be driven out with a whip if life in Poland was to start getting better. A large segment of those elites as well as trade union activists, including the aforementioned Maciej Jankowski, who made an especially great contribution to this, and the president himself took part in this destruction of their own image.

What milestones marked out the path to ideas of the lustration-referendum ilk? Nearly everyone laid those milestones. One was laid by the president, who tolerated scam artists in socks, slashed prices 100 percent, ordered equal salaries of Z5 million monthly for everyone, and

presaged people's tribunals of justice. Another milestone was laid by several political parties, headed by the KPN—with the latter, as it turned out, having been most effective in winning over Tyminski's old electorate—which are advocating speedy prosecution of members of the *nomenklatura* and scam artists and a government of clean hands (meaning that, because they are not yet in power, their hands are clean), open budgets (as much money as needed should be printed, so that there would be enough for everyone), and prosperity for Polish industry. (Leszek Moczulski is said to wear only Polish-made shirts.) Still another milestone was the work of the fanatic "lustrators" and decommunizers, who are assuring us that getting rid of former communist agents and *nomenklatura* members would in some miraculous manner result in a better life for all those who were not among the elites of the previous system of society. The next milestone was laid by activists from the various peasant parties, which may differ in their operating procedures but not in their slogans, considering that Janowski is demanding debt relief for peasants just as insistently as do the leaders of the other peasant parties, Lepper and Pawlak. To be sure, it was put in more elegant language (by referring to the doctrinaire governments of two Messieurs B.—Bielecki and Balcerowicz) by the leaders of Samoobrona, who included in a voter poll the rhymed couplet "Plan Balcerowicza to dla chlopow szubienica [The Balcerowicz plan means economic ruin for the peasants"].

More such examples could be cited. One thing seems certain: Populist demagoguery is a permanent element of our democracy, and, by now, nothing can protect us against it. That is due to both objective factors (the condition of the Polish economy and that other Poland, which was revealed to us by Tyminski) and subjective ones (politicians and their actions). This is one of those accidents of history that seem so obvious and clear and, at the same time, so banal as to be tedious. Except that no one knows what will come of it. For, if the causes and unfolding of the phenomenon we call populism seem obvious, its future course is not that obvious.

Because we are condemned to populism, can we entertain any firm hope that it will not entangle us in a spiral of political idiocies and great misfortunes and cause us to abandon the democratic road? This hope exists, paradoxically, in the very people to whom the populists are appealing (although there is also no dearth of opinion that the appropriate laws would suffice). For the time being, despite Tyminski's apparent successes and the plaudits of the crowds at rallies convened in all kinds of auditoriums and meeting rooms, the Polish society basically has retained its healthy moderation and common sense. Somehow, there seems to be no mass support for demagoguery and shouts. Besides, for it to be politically productive, populism requires a charismatic leader. The charisma of Walesa is visibly waning, and, at present, there does not exist any other figure that can take his place in the social imagination. Perhaps, then, the very amateurishness and homespun quality of mass populism is affording us a chance?

Then there is one other specifically Polish factor. Since 1989, we have buried the Polish intelligentsia several times. In *POLITYKA*, too, we wrote that its exceptional historical role is over and that now it will either turn into a middle class, Western style, or perish. This choice is certainly still facing the Polish intelligentsia, but, for the time being, its members still exist and have thoughts of their own. They may no longer be old-fashioned intellectuals, though, because they have ceased to be society's leaders, the *politruks* or political officers of an oppressed and tormented society.

Nor is the intellectual in the developed societies a member of the middle class. In the budgets, he is given only marginal consideration, and he faces professional pauperization and the lack of speedy prospects for the better. Yet he is really a member of the middle class in the sense that he has no money, even though he has his own views, principles, and style—it is hoped, as he already once proved. Now, too, he may cope, even if his wallet is empty.

#### \* Former Soviet Nuclear Weapon Sites in Poland

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No 17, 24 Apr 93 pp 1, 7

[Article by Krzysztof Dubinski: "The Atomic Volcano: The USSR Maintained a Nuclear Arsenal in Poland Sufficient To Annihilate 125 Hiroshima-Sized Cities"]

[Text] For more than 20 years, this was one of Moscow's most closely guarded military secrets. It was revealed only during the withdrawal of Soviet army units from our country. On 7 April 1991, the then commander of the Northern Group of USSR Troops, the late General Viktor Dubynin, admitted that nuclear weapons were stored in Poland. On 29 October 1992, after the Polish authorities took over the military base in Bornem-Sulinow, that information was officially confirmed by a representative of the Ministry of National Defense.

At three localities, Dobrow and Buszno in Koszalin Voivodship and Trzemeszno Lubuskie in Gorzow Voivodship, the Polish side took over Red Army facilities, which included concrete underground bunkers designed for nuclear bombs or warheads. They were radiologically inspected and thereupon transferred to the ownership of the Administration of State Forests. General Zdzislaw Ostrowski defined those structures as silos, which might suggest that they were stationary launch sites of nuclear-warhead-tipped missiles. However, the available information indicates that no such stationary Soviet launch sites existed on Polish territory.

In other regions where Soviet troops were stationed—for example, Sypniew in Pomerania—Polish authorities discovered facilities whose design, equipment, and protective systems indicated that they may have been storage sites for nuclear weapons.

#### Closest to the Front Line

The operational plans of Warsaw Pact troops for the West European theater of military operations were, like the NATO plans concerning the eastward direction, based on the assumption that the enemy would launch the first strike. The attacked side would be responsible for the counterblow. The commands of both military blocs believed that any eventual armed conflict between them could not be maintained at the level of conventional warfare and that nuclear weapons would be utilized from the very first minute.

The effectiveness of the eventual nuclear counterattack depended chiefly on the speed with which it would be waged. For tactical and operational-tactical launchers, that speed was reckoned in minutes. That is why the nuclear arsenal for those means of conveyance had to be located in direct proximity to combat—that is, on the territory of frontline states.

Therefore, nuclear potential with a tremendous striking force was accumulated on both sides of the line bisecting our continent into two military blocs. It consisted of tactical nuclear warheads designed to annihilate enemy troops in the regions of their offensive grouping and operational warheads for striking the rear of those troops.

The United States, the sole disposer of nuclear weapons within NATO, installed on the territory of West Germany bases of stationary and mobile launchers of nuclear-warhead-tipped missiles as well as at least six depots for those warheads. Similar storage facilities for U.S. nuclear warheads existed on the territory of Italy, Greece, and Turkey. The Americans also created, on the West German border, a protective belt on which nuclear mines were deployed; they were to be armed in the event of a direct threat of an outbreak of armed conflict.

The USSR certainly maintained a corresponding network of nuclear launchers and depots on GDR territory. The Western Group of Troops stationed there was viewed in the operational plans of the Warsaw Pact as the main first-strike force of land troops. Military nuclear installations existed on Polish territory and certainly also in Czechoslovakia and other Warsaw Pact countries.

On both sides, military planners continually updated the lists of targets on enemy territory for annihilation by nuclear weapons. Only on 13 September 1990, a year before the formal dissolution of the Warsaw Pact, did NATO Secretary General Manfred Woerner declare, during a visit to Warsaw, that Poland was deleted from NATO's map of nuclear strike targets. In Brussels, it was certainly known by then that Moscow had withdrawn its nuclear potential from Poland.

#### Code Name "Vistula"

The construction of the complex of nuclear installations on the territory of Soviet military bases in Poland was

begun in the second half of the 1960's. At the time, a new joint Polish-Soviet military commission was established to select the sites of those facilities and determine their design blueprints. It was then, too, that the General Staff of the Polish Army prepared a top secret map of the precise locations of those "special-purpose facilities."

That map, of which only one copy, kept in a wax-sealed envelope, existed, was deposited in the safe of the secret chancellery of the army's Operations Directorate. Anyone who consulted that map was required to sign his name on it, whereupon he resealed the envelope with wax and put it back in the safe. The envelope bore the code name "Vistula." In the past 20 years, the number of those signatures certainly did not exceed nine.

The Red Army high command never notified the Polish side about the nuclear warheads being stored in our country. Apart from Gen. Dubynin's declaration, there is no specific evidence that warheads or aerial bombs of that kind were concerned. They could just as well have been neutron weapons or ordinary aerial bombs. Under the agreements in force, the Polish side was unable to monitor the freight transported by the Red Army in sealed railroad cars or military transport aircraft.

The number and striking power of the warheads on Polish territory remain unknown. However, Polish military experts have performed estimates that provide a rough picture of the nuclear volcano on whose crater we had been falling asleep every night for nearly 20 years.

#### Estimated Striking Power

The Soviets most likely stored chiefly nuclear warheads designed for tactical and operational-tactical missiles. The Northern Group of the Red Army included two operational-tactical missile brigades and two tactical-missile batteries. A missile brigade operated 12 launchers, and a battery three. Altogether, the Red Army in Poland could, upon the outbreak of military conflict, fire a salvo of 30 short- and medium-range missiles. It can thus be supposed that at least as many nuclear warheads must have been stored in the secret bunkers.

Presumably, however, there were many more of those warheads. It is likely that the Red Army also kept a stockpile of warheads that could be used, in the presence of a direct threat of outbreak of war, to arm the launchers operated by the Polish Army as well.

The Polish armed forces were equipped with launchers of operational-tactical missiles of the older generation—the R-170 and R-300 types. They were armed with conventional warheads, but they also could carry chemical and nuclear warheads over distances of 170 and 300 kilometers, respectively. There were four Polish brigades equipped with these missiles, with 12 launchers per brigade. In addition, each division included a battery of launchers of tactical missiles of both the older generation and the latest Tochka type; it can be assumed that their number totaled 45.

Altogether, therefore, the Soviet high command may have deployed in Poland 120 to 130 nuclear missiles, with the mean firepower of at least 20 kilotons of TNT each—that is, each with firepower equal to that of the bomb dropped by the Americans on Hiroshima. The Hiroshima bomb caused more than 78,000 casualties and destroyed 62,000 buildings, with the area of devastation measuring about 12 square kilometers.

#### A Hypothetical Question

Could it really be that, upon the outbreak of war, the Polish Army would have been provided with nuclear weapons by the USSR? That is a hypothetical question that cannot be answered.

The Warsaw Pact plans for combat cooperation in the event of armed conflict designated regions of direct contact between Polish missile brigades and Soviet units. That might be a premise for an affirmative answer. Exercises in operations seeming to point to such an intention of Moscow planners also were held.

Similar principles of cooperation in the event of war were binding in NATO. There, too, the troops of the U.S.'s allies held exercises in, for example, mounting nuclear warheads on the means of conveyance in their possession. Certainly therefore both superpowers made allowance for the missiles of their allies in calculations of nuclear striking power.

In the 1980's, the High Command of the United Armed Forces of the Warsaw Pact insistently pressed the Polish Ministry of National Defense to equip Polish operational-tactical missile brigades with Oka-type launchers of the newest generation, designed chiefly to carry nuclear warheads.

The General Staff of the Polish Army resolutely opposed those pressures, proceeding from the premise that the launchers are too costly. No one at the staff believed that the Soviets would provide the Polish Army with nuclear warheads, and no one intended to try to obtain them, either.

The then chief of the General Staff of the Polish Army, General of Arms Jozef Uzycki, in the late 1980's published an unusually interesting study presenting the inevitable globally catastrophic military, civilizational, and ecological consequences of local armed conflict in the European theater of war. That study, which is at present—unfairly and certainly solely for political reasons—being deliberately glossed over, represented the overt Polish polemics against the Soviet doctrine of "massed nuclear attack."

The General Staff did not support nuclear adventurism. Polish General Staff officers were aware that the acquisition of Oka-type launchers was to strengthen the Soviet nuclear fist in the event of war and that the expense of that strengthening was to burden the Polish budget. To

relieve Soviet pressures, one experimental battery of Oka-type launchers was organized. No consent to anything else was given.

### \* Problems of Privatizing Foreign Trade Organizations

93EP0243C Warsaw RZECZPOSPOLITA  
(ECONOMY AND MARKET supplement) in Polish  
8 Apr 93 p 1

[Article by Danuta Walewska: "Privatization With Resistance: Transformations in Foreign Trade"]

[Text] As a disciplined member of the government, Andrzej Arendarski, the minister of foreign economic cooperation, is planning to transfer 800 billion zloty [Z] to the budget from income from privatizing foreign-trade firms. The heads of some of these firms are simply "beating a path" in the corridors of the building on Three Crosses Square. On the other hand, there are examples of "resistant material" that for several years have been unable to decide which of the consulting firms could help them privatize.

It is much more difficult to set a value on a foreign-trade firm than on a production firm. Their value usually is the name and the people and their contacts and knowledge of markets. The building or its equipment, even the liquid resources, are of decidedly secondary value. Privatization must include the interests of the employees; if, as a result of ownership transformation, they do not become co-owners, they will found their own firm, and the contacts and clients will move there. That has already happened.

On the other hand, however, foreign-trade enterprises cannot be given away. The State Treasury must be supported, and the employees of the former trade organizations do not have the resources with which to purchase partial ownership. Thus, it is necessary to consider reserving some stock for them, as for instance in the case of Elektrim, where the management and salesmen bought stock for which a year and a half earlier they did not have the money.

Only now, after the reorganization of the Ministry of Foreign Economic Relations, is there a genuine office dealing with privatization—the Office of Parent-Body Supervision and Capital and Privatization of Foreign-Trade Units. Close cooperation with the Ministry of Ownership Transformations has begun, and a plenipotentiary for both ministries, who is also a liaison between the two ministries, has been named.

The well-known foreign-trade enterprises whose privatization is anticipated during the current year are Impexmetal, Stalexport, and Rolimpex. In some of them, the State Treasury will continue a controlling interest, but, in the opinion of Minister Arendarski, it cannot be 51 percent; for example, 40 percent will suffice. Such a division of the stock will permit the enterprises to maintain the stature of an important firm they have had

abroad until now and also permit them to earn better profits. "In my opinion," the minister said, "it is much healthier if a firm that deals in foreign trade is private. And I will strive to privatize them as quickly as possible. In the case of Impexmetal, profitability will improve immediately."

The resistance of some foreign-trade organizations to privatization usually derives from the fact that, over the years, mutual relations have developed, and they fear the unknown. Everyone is reasonably well off, and they see no reason to change the situation. At present, obviously, it is not proper to admit that one is opposed to privatization. Everyone emphasizes that they are for it; nevertheless, some are doing nothing to change the current situation.

Privatization has brought the majority of foreign-trade enterprises noticeable results; in some of them, salaries have risen by 100 percent in only one year (for example, Elektrim, the average in March 1993 was Z9 million; Budimex has an average of more than Z10 million). Wages are, however, dependent on financial performance, and they may continue to increase. In the organizations that remain state owned, salaries are barely growing or are even falling. Sometimes to maintain calm and reduce pressure for privatization from below, the heads of the firms increase salaries, regardless of the firm's financial performance.

On the other hand, in Minister Arendarski's opinion, the process of developing capital relationships between foreign-trade organizations and the productions enterprises associated with them is not connected with privatization; it is, however, a result of the demonopolization of foreign trade. "Industry assignments" have disappeared. One must seek goods. That can be done in many ways. Because access to credit is difficult and loans expensive, enterprises with surplus funds make loans to producers binding them to themselves in the process.

This has led to a concentration in industry, and, perhaps in the future, it will bear fruit in an exchange of debt for partial ownership and the formation of capital associations, under the leadership of foreign-trade enterprises, which have begun to act as quasi investment banks. Perhaps that is the seed of strong Polish capital groups that can compete with similar ones abroad. In Minister Arendarski's opinion, the liquidation of the foreign-trade organizations that was proposed not so long ago would lead to a larger decline in foreign trade.

The foreign-trade organizations can be divided into three groups: the first group is managing well. Among them are Elektrim, Ciech, Animex, and Agros. The new free-market conditions have permitted them to unfurl their wings. The second group is not in bad condition; among them are Impexmetal. The others, for various reasons, find themselves in difficult economic straits and have little chance of developing. Some, like Baltona and Pewex, could not keep up with the competition of the street trade, which usually does not pay taxes, but they



are also losing out to the new active, honest private firms. Others were at one time oriented exclusively to the East, and they either have been unable to shift to other markets, or the goods they have for sale are not competitive. In this situation, they can only live from renting their facilities. Such enterprises, in order not to extend their fictional existence as foreign-trade organizations, will be liquidated. But, before making the final decisions, the enterprises will be examined closely because perhaps there is a strategic investor who will buy them.

There are other firms, so-called houses—for example, Mundial, Poliglob, and Czarnecki—that in the past were representatives of foreign firms in Poland; there are a dozen or so of them. "I intend to gather them all together and privatize them," says Minister Arendarski. Invest-export, one of those "houses," could handle promotions for the ministry.

It is difficult to find foreign-trade firms that would agree to play the role of strategic investor for our foreign-trade organizations. There is interest only in the good firms—for example, Impexmetal. In any case, the minister thinks that every enterprise under him can be privatized. And that is his plan.

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According to data from the Ministry for Foreign Economic Relations in terms of the profits earned in 1992, the best foreign-trade enterprises were Stalexport, Agros Partnership and Holding Co., Animex, Budimex, Ciech, Elektrim, Paged, Weglokoks, and Kopex.

There were troubling, large losses and difficult economic straits in the following: Impexmetal, Agromet-Motoimport, Baltona, Confexim, Labimex, Pezetel, Rybex, Tricot, Tormex, Varimex, Agpol, and Polexpo, and in the two representative firms Dynamo and Timex.

On the other hand, some firms, in spite of their difficult economic straits, decided to raise salaries even though their financial performance did not justify the raises. Among this group are Confexim, Kolmex, Rybex, Navi-mor, Pezetel, Tricot, Torimex, and Agpol.

#### **\* National Bank of Poland To Create Investment Bank**

93EP0243B Warsaw RZECZPOSPOLITA (ECONOMY AND MARKET supplement) in Polish 5 Apr 93 p 1

[Article by Aleksandra Bialy and Pawel Jablonski: "Customers of the National Bank of Poland Can Sleep Soundly: The Polish Investment Bank Soon"]

[Text] The president of the National Bank of Poland, in consultation with the minister of finance, has agreed to form the Polish Investment Bank, Inc., as a single-person partnership, wholly owned by the National Bank of Poland. In the future, it is to be privatized.

The Polish Investment Bank is to provide accounts for legal and private individuals for whom the central bank

has provided service until now. In this way, the process of separating the National Bank of Poland from the commercial banks, begun in the 1980's, will be completed. So far, nine new banks have been separated from the structures of the central bank.

The Polish Investment Bank has received convertible currency powers permitting the transfer to it of individuals' convertible-currency accounts that are now handled by the National Bank of Poland. That will protect their owners against the various difficulties associated with the eventual transfer of accounts to other banks. At the end of 1992, the value of convertible-currency deposits at the National Bank of Poland was more than 10.6 trillion zloty [Z]; only the Polish Security Bank, Inc. has more.

Article 79 of the law of the National Bank of Poland required the central bank to transfer the accounts of private individuals and legal persons to other banks last year. After the board of the National Bank of Poland conducted an analysis of the organizational structures of the central bank last year, it was determined that its network of local offices and the level of employment should be reduced significantly. Today, the National Bank of Poland has 49 local offices in the voivodship cities, four convertible currency departments, and six rural branches. It is expected that the new bank will receive 29 branches from the National Bank of Poland, including all of the convertible currency departments.

The National Bank of Poland wants to provide details concerning the new bank before it gains the status of a legal person. In the current plans, the new bank is to have an initial capitalization of Z500 billion. As part of its material assets, it would receive the above-mentioned offices. Its balance initially would be approximately Z14 trillion, making it second in size among Polish banks. Among its liabilities, the Polish Investment Bank would have, in addition to its own capital, about Z10 trillion in convertible-currency deposits, about Z800 billion in zloty deposits, and extrabudget resources inasmuch as it is assumed that the service of a portion of them would be transferred to the new bank.

Among the assets of the bank, it would have loans provided by the National Bank of Poland to the economic units and households; their value at the end of last year was more than Z240 billion. The remainder of the assets will be government paper (treasury bonds and obligations denominated in dollars), thus without any risk. That means that the bank created will have an extremely high level of solvency, practically without any bad loans. That should permit it to charge lower interest rates.

According to the planners, the new bank is to fill an asymmetry existing in Poland's banking system. Currently, the majority of banks provide short-term loans. The Polish Investment Bank is to concentrate on making loans to purchase ownership, to make structural transformations, to modernize products, and to make loans

for local investments. It is to reach its planned profile, including the appropriate balance structure, in the next three years.

The following offices are to be transferred to the new bank: Biala Podlaska, Bielsko-Biala, Chelm, Ciechanow, Elblag, Jelenia Gora, Kalisz, Krosno, Legnica, Leszno, Lomza, Nowy Sacz, Ostroleka, Pila, Piotrkow Trybunalski, Przemyśl, Sieradz, Slupsk, Tarnobrzeg, Tarnow, Wloclawek, and Zamosc. Further, there are plans to found offices of the Polish Investment Bank in the offices of the National Bank of Poland that remain with the central bank.

#### \* Takeover of PZPR Assets Still Not Complete

93EP0243A Warsaw *RZECZPOSPOLITA (ECONOMY AND MARKET supplement)* in Polish 6 Apr 93 p 1

[Article by Danuta Frey: "What Remains of the PZPR?"]

[Text] In November 1991, Jozef Palinka, the liquidator of the assets of the PZPR [Polish United Workers Party] at that time, presented his first report to the government. Of the 53 properties, 32 had been taken over by the State Treasury. The PZPR was, however, also a stockholder or a partner in 38 partnerships under the Commercial Code and a partner in four cooperatives and 10 other economic units, and it had zloty and convertible currency in various accounts.

Now, nearly two and one-half years after the adoption of the law of 9 November 1990 on the seizing of the assets of the Polish United Workers Party (DZIENNIK USTAW No. 16/91, Item 72), the Supreme Chamber of Control has stated that it remains far from implementation.

Reports from 42 voivods show that the seizing of eight of 36 properties from the PZPR (in Kielce, Myszkow, Radziejow, Lublin, Szczecin, Sochaczew, and Rzeszow) has been completed.

In February 1992, the Appeals Court in Krakow sustained a decision of the Voivodship Court annulling the sale of the PZPR building to the Bank of Industry and Commerce by Social Democracy of the Republic of Poland [SdRP]. On the other hand, court proceedings on 23 properties, including 12 sold to the General Savings Bank-National Bank to cover a loan taken by the PZPR for the election campaign in 1989, are continuing. To be sure, the Warsaw Voivodship Court has said that the sales contracts are invalid, but the SdRP appealed to the Appeals Court in February 1993. Among the facilities in dispute are the Hotel Narew and recreational facilities in Wierzbica, a building in Pruszkow, the vacation center in Zakopane, and facilities in Mielec, Tarnow, Lipsk on the Wisla, Nowy Dwor Mazowiecki, Kolbuszowa, Strzyzew, Lapy, and Monki.

Jacek Hofman, the current liquidator, argues that the SdRP did not have the right to sell them because, on 24

August 1989, they were owned by the PZPR. Under the law, they should go to the State Treasury. The SdRP says that the last congress of the PZPR transferred rights and duties to it (including paying the loans taken by the PZPR). The successorship of The SdRP was officially recognized, as the report of the government commission for establishing the legal status of assets of political parties and youth organizations shows.

When it examined the constitutionality of the law on seizing the assets of the PZPR in February 1992, the Constitutional Tribunal stated that the SdRP had not become the successor to the rights and duties of the PZPR. The resolution on transferring the assets of the PZPR to the SdRP was adopted only after the resolution ending the operation of the PZPR, and, so, after the PZPR had ceased to exist. However, those statements did not appear in the decision of the Constitution but only in its justification, which can also arouse doubts.

The amount of participation in partnerships, cooperatives, and other economic organizations has been established. But they were usually "dead" partnerships, going bankrupt, or with no assets, even with debts. "The monies were ordered transferred elsewhere," says the current liquidator.

In many voivodships, court cases are under way for the financial resources and moveable assets taken over by the SdRP from the PZPR. In Poznan, for instance, the SdRP received a judgement against it of 1.244 billion zloty [Z] plus interest. Complaints have reached the Gdansk court about the SdRP totaling Z746 million (cars, printing equipment, and the furnishings of the PZPR Voivodship Committee).

It has been established that, on the day the PZPR was dissolved, 29 January 1990, it had Z6.6 billion and \$750,000 and 14 million Swiss francs in bank accounts. On the other hand, on the day the law on seizing assets went into effect, 27 February 1991, there were only Z44 million. The last sum, together with funds gained from the sale of properties (Z205 billion) was transferred to the account of the Office of the Council of Ministers.

In connection with the resolution of the question of the legal successorship of the SdRP, the former liquidator took over only those funds that were in the bank accounts of the PZPR on the day the law went into effect. The convertible currency that came from the membership fees of the PZPR members employed abroad was taken over by the SdRP. In June 1992, the current liquidator asked the Warsaw Voivodship Court to issue an order to the SdRP to pay Z149 billion (the equivalent of the convertible currency) plus interest from 27 February 1991, the day the law went into effect.

But court proceedings are frequently protracted and complicated. Not infrequently, the account books of the party committees are missing. Some of the facilities, especially in small localities—for example, vacation houses in Zakopane and Koscielisk—were built on land of private individuals. In Lowicz, on land belonging to

the Cooperative Bank. And the law says that "real estate and properties belonging to individuals on 24 August 1989 who report and prove their rights do not go to the State Treasury." The Constitutional Tribunal decided that such individuals can use the courts even after the end of 1992 (as the law said). There is still, however, no amendment to the law; thus, no one knows until when.

Primarily, however, the law itself is faulty. Between the dissolution of the PZPR in January 1990 and the adoption of the law in November 1990, nearly a year passed. It went into effect on 27 February 1991. In turn, its provisions use the date 24 August 1989; the entire

construction, based on several neighboring dates, hampers the settlement of claims. Moreover, executing the judgments, whether from the SdRP or other economic units (partnerships, cooperatives), is, in practice, impossible because they have nothing that can be taken. The liquidator operates alone, and the current one resigned in February 1993. His plenipotentiaries in the voivodships are usually directors of voivodship offices performing their duties without pay and without the necessary apparatus.

In sum then, as it turns out, it was much easier to adopt the law than to ensure its implementation.

### Appointment of Controversial Prefects Defended

93BA0926B Bucharest *EUROPA in Romanian*  
6-13 Apr 93 p 8

[Article by Marilena Tutila: "The UDMR: Ferment of Instability"]

[Text] In recent weeks, after Laszlo Tokes the wishy-washy reformed bishop of Oradea made the headlines in almost all publications regardless of their political orientation—which were dutybound to take notice of his new American and Budapest absurdities, to present his viewpoint, to explain, to settle or to stigmatize the irresponsible acts of the honorary UDMR [Democratic Union of Hungarians in Romania] president and, in particular, after representatives of all the political formations (less so those from the UDMR) in Romania's Parliament tried to limit and even unmask these new and unqualifiable proofs of bad faith—we see that these same Hungarian-Romanian obsessions are being taken up again in another tone of voice in Oradea, at a two-day meeting of the heads of the UDMR.

This time the pretext was the Romanian Government's decision to appoint two Romanian prefects in Harghita and Covasna counties. This is a repeat of the August 1992 situation on another level, when once again there was an attempt to appoint Romanian prefects in the two counties of Harghita and Covasna. Then, too, the UDMR reacted like a wasp's nest, with a ferocity unequalled in a democratic state. So it happened that the Stolojan government could only appoint Romanian sub-prefects in these two counties, with the problem remaining to be solved following elections, when the winning political formation could impose its viewpoint and, of course, assume responsibility. But whereas last summer the reaction was partially justified by the approaching elections, assuming that this movement in the administration could at least influence the climate in which they took place, now any speculation about these appointments is free. Yet we must remember that, as a preamble to this virulent UDMR campaign, the Democratic Convention and the National Salvation Front leaders vehemently protested the government's appointment of new county prefects resulting from the 27 September 1992 elections.

Had the people being replaced in their jobs been distinguished by special achievements or by initiative in the leadership of local administration, somehow these reactions would have been justified. Unfortunately, however, not one of the prefects replaced distinguished himself as an irreplaceable person of renown in his field, so the opposition's reaction appeared hollow in the eyes of public opinion as a powerful reaction from a person who feels the earth slipping from under his feet. The entire campaign against the new appointments took place with accusations that the government was intending "to politicize" the administration. Nevertheless, we see again that our "constructive" opposition has created a working front for its faithful ally, the UDMR

bulldozer. The leap from the accusation of "politicizing" to that of "cleansing" was done without any pangs of conscience and particularly without any shadow of intent to respect the truth. Here, too, President Ion Iliescu's last illusion unraveled regarding the moderate attitude of Bela Marko, the UDMR's acting president. The communique issued by the president on 30 March reflects as clearly as possible the loss of these illusions before the threatening wave of the new spring campaign of Hungarian irredentism. This March marked three years since the tragic events in Tirgu Mures. Regularly each spring we see the renewal of Hungarian chauvinism under the legal cover of the UDMR.

Despite appearances, the conflict is on a rising curve. It arose from the violent street confrontations, blamed on extremists inciting total opposition between state power in Romania and the representative heads of the Hungarian minority. At the recent Oradea meeting in the name of so-called democracy, the UDMR requested that the Government of Romania—I repeat, the government that resulted from the democratic elections of 27 September 1992—appoint people of Hungarian ethnic origin to the positions of prefects of the two Romanian counties of Harghita and Covasna. They were to advise on them in advance. The request is formulated in the name of "democracy" and is accompanied by stupefyingly slanderous accusations about the Romanians' so-called "ethnic cleansing" policy.

Taking just these two attitudes into consideration—on one hand, the UDMR's brazen request to advise on decisions of the Romanian Government and, on the other, launching calumny without any basis in reality—we can get a picture of the political "ability" and "maturity" of this organization and the role it plays in obstructing Romania's road toward democracy. The inciting and puerile threats by having the Hungarian residents of the two counties raise the flag with the yellow star—in case Romanian prefects were appointed—only emphasize the amorality of the UDMR leaders. Fed by their own conationals, whose interests I would say they are defending, financed by irredentist circles in Budapest and the Hungarian diaspora in the United States and Canada, these unmitigated scoundrels, these political illiterates again are testing the patience and tolerance of the Romanians.

If the opposition in Romania were to really be constructive and interested in promoting the real values of democracy this time, these dogs could be swept away once and for all from the Romanian political scene. After the conationals were goaded into boycotting the Romanian Constitution, the only thing guaranteeing both Hungarians as well as the other minorities equal rights with those of all Romanians, these irresponsible adventurers posed as guarantors of civil rights. Opening these new hostilities shows the UDMR in its true colors, that of a ferment of instability. We hope the day is not far off when this organization is charged with antidemocratic and antistate activity. There is an abundance of proof by the grace of God.



**Fraudulent Dealings of Poolgec Company  
Previewed**

93P20149A Bucharest ROMANIA LIBERA  
in Romanian 16 Apr 93 p 1

[Article by Petre Mihai Bacanu: "Transcontinental Fraud: Just What We Need To Boost Romania's Image Abroad"]

[Text] We must admit that the desire to steal was never openly admitted. I would even go so far as to say that the current administration has declared war on theft and corruption. But its statements are mere lip service: As you will see in our expose on page 8 [to appear in FBIS Daily Report Supplement], the stealing was done without government approval. We'll just have to wait and see if Mr. Vacaroiu will now launch his anti-corruption, anti-theft missile.

The environment created by the authorities made it possible for certain kinds of "businessmen" who surfaced after December 1989 to set themselves up in business on a grand scale. These "businessmen" came from the ranks of former foreign trade officials, *Securitate* members who had wandered around the world, and party activists who knew what was in demand in the West and where they could cheaply obtain such things as cement and lumber. The Romanian Government evidently helped them become millionaires and billionaires.

This omnipotent underworld sank its teeth and become deeply entrenched into city life, where we are now witnessing indiscriminate theft on a grand scale. So, the government's desire to bring about peace and quiet is reflected only in its reports to Parliament. Any thought of a return to normal is mere illusion. While so far Romanians have been the only ones to be swindled—by foreigners as well their own compatriots—I could hardly have imagined that Romania's great gangsters would move so quickly to neutralize the legal system and ply

their trade in grand style throughout the world. And we wonder why we have such a bad reputation around the world.

The Romanian government says it has declared war on corruption and supposedly it will soon be able to show us a few examples of ticket takers, those famous "Godfathers," who were caught red-handed with exorbitant sums of...several hundred lei. On the other hand, nobody so much as lays a hand on those "businessmen" who steal on a grand scale, because they give receptions, sponsor high level activities, etc.

What you will see on page 8 is quite incredible. I am sure that the famous TV network CNN as well as any newspaper in the world would go wild over such a story. We are dealing with an unprecedented case. Not even the Sicilian Mafia would have done the sort of thing that this firm dared do—a firm that invited our president to receptions and expressed eagerness to contribute to his presidential campaign. Not only that, they also invited him to a working meeting and to a conference on the future of Romania's banking policies, sponsored by...George Paunescu.

Even those close to Mr. Iliescu, his advisers, were horrified by the cesspool into which the president has been pushed. It is not impossible that George Paunescu will become the central figure of Romania's financial-banking future, namely "The Godfather." I do not dare link the president's name to such racketeers, but I am surprised by the ease with which he comes into close contact with these types of individuals.

However, the peace has been disturbed and in a way which, once again, makes us look ridiculous in the eyes of the world. Even as you read this article, governments of several countries are debating how to get out of this mess, how to bring it about that those unfortunate people who were swindled by the "respectable" Romanian firm Poolgec do not end up en masse in jail for life.

**\* Czech Ambassador in Slovakia Interviewed**  
93CH0557A Prague SIGNAL in Czech 23 Mar 93  
pp 12-13

[Interview with Filip Sedivy, Czech ambassador to Slovakia, by Jiri Marek, in the Federal Assembly building in Prague; date not given: "How Important Is It To Have a Filip...(Even in Slovakia)?"]

[Text] *Filip Sedivy, J.D. [Doctor of Law], (1953), is a native of Prague, married, and the father of three daughters (Klara, 15; Veronika, 13; Marie, 9). His wife, Drahomira, is a pediatrician.*

*He graduated from the Department of Law in Prague and has lived in the North Bohemian town of Litvinov since 1978. Until November 1989, he was employed by the Mine Construction Enterprise in Most. He entered the political arena as an activist of Civic Forum. Since 1990, he has served as a deputy of the Federal Assembly, whose termination found him in the office of a vice chairman of that institution.*

*He stood at the birth of the Interparliamentary Club of the Democratic Right and was among the founding members of the Civic Democratic Party. However, he enters history mainly as the first Czech ambassador to Slovakia.*

*We sat in the sadly empty building of the former Federal Assembly. On the following day, Mr. Ambassador was supposed to go for a brief visit to Slovakia. He was to accompany Vaclav Havel to the inauguration of the second Slovak president in history.*

*Dr. Sedivy did not yet know when he would start his diplomatic mission in Slovakia. He expected it to begin in seven to 10 days. Meanwhile, he was at work, temporarily using his former office of vice chairman of the Federal Assembly.*

[[SIGNAL] Are you getting excited about your move, Mr. Ambassador?

[Sedivy] No. Luckily, I have never been afflicted by anything like that even before going to much more distant locations, though I am quite sure that never before have I gone on a trip as meaningful as this one to Slovakia.

[SIGNAL] Is your family looking forward to it or not?

[Sedivy] At first, my wife did not feel like going. That was my first diplomatic experience and success—convincing her that it is important to go to Slovakia. Our three daughters are alternately looking forward to the move and getting apprehensive—mainly about their new schools.

[SIGNAL] In Bratislava, will you remember the "inversion" in North Bohemia?

[Sedivy] Of course. Our permanent residence is there, and we intend to return there when my work in Slovakia ends. We simply belong there. Moreover, my wife, a

pediatrician, is trying to privatize a district pediatric center. It will not be easy for her to get everything going. That was one of the reasons she was not too eager to go to Slovakia.

[SIGNAL] In today's newspapers I read an interview with the Slovak ambassador to Prague, Mr. Mjartan. I felt that Mr. Mjartan thinks the purpose of his diplomatic mission is to haggle about money and about the assets of the former federation. What do you see as the purpose of your office?

[Sedivy] That is almost a topic for a scientific study, not for brief reflections. My primary task will certainly be to maintain some kind of continuity of the previous economic, social, and cultural coexistence of our two nations.

It will be important for both countries to have compatible systems. The embassy should contribute to that. Of course, the consular section will play a meaningful role. Several scores of thousands of Czechs reside in Slovakia, and we must take care of them in some way. Also, we will have to take care of matters related to property belonging to those citizens and, naturally, to Czech enterprises.

[SIGNAL] However, you will first have to deal with some far more down-to-earth matters. I have heard that negotiations about the premises for the embassy are still under way and that a nursery school that is supposed to be turned into the ambassador's residence has been flooded and needs to be dried out. For the time being, you will have to stay in a hotel....

[Sedivy] All of those matters are extremely complicated and touchy. I do not think the kindergarten is exactly an ideal residence. However, we will discuss that this week. We want to state that quite frankly because the foreign ministers have concluded an agreement according to which we would provide the best accommodations we can offer in Prague and, in turn, would be given corresponding premises in Bratislava.

I am aware that Bratislava is not Prague, but I think we have provided high-class premises in Prague. The issue is not about where I will live in Bratislava. That is irrelevant, but our embassy will represent the Czech state and, therefore, it must look accordingly.

In other words, in this respect, we may demand from our partners a bit more than before.

[SIGNAL] On the other hand, do you think that something in Bratislava can make your work easier?

[Sedivy] I believe I can fall back on my experience from the Federal parliament, where there were 126 deputies from Slovakia, among them the current Slovak President Kovac.

They all hold important political positions in Slovakia. I think those three years in the parliament are my basic qualification for my ambassadorial mission to Slovakia.

I have kept in friendly contact with many of my former Slovak colleagues from the federal government; with most of them I established good relations in the parliament. I know most of them pretty well and that, I believe, will help me enter Slovakia's social, cultural, and political scene not only in the capital but also in individual regions.

Thus, I continue to act as a Czechoslovak politician, although today both sides are using a hyphen. Basically, there remain two Czecho-Slovak politicians—my colleague Mjartan and I.

[SIGNAL] Let us go back to the Federal Assembly for a moment. Which of the debts left by that parliament bothers you?

[Sedivy] In its seventh election term, the Federal Assembly, or perhaps the federal government, should have once and for all put an end to the past. That was an error that should never have happened. There was no willingness to adopt the new Czechoslovak Constitution, but a constitutional reckoning with the past would have been meaningful for both our current states.

[SIGNAL] As we sit in this deserted, sad building of what is now already the former Federal Assembly, I should like to ask you about some lighthearted episodes within these walls.

[Sedivy] My goodness! An amusing story about tape-recording? You know, this parliament was not exactly fun and games; there was not much joking during the seventh election term. I could recall some nasty incidents, but I do not want to be mean to some of my former colleagues.

[SIGNAL] So let us turn back to Bratislava. How familiar are you with that city, and how well had you known it before November 1989?

[Sedivy] I admit that I had never been there before; I went there only later, as a deputy. I got pretty well acquainted with Slovakia as a tourist but thus far, as a politician, I know Bratislava only superficially. I know how to get to the National Council, to the government, to the Castle....

[SIGNAL] Nevertheless, try to think of a moment when you will have some spare time for your family or friends. What are you looking forward to doing in Bratislava?

[Sedivy] I intend to get well acquainted with that city and with all of Slovakia. Bratislava itself has a certain interesting atmosphere. Although it is a city with a relatively small historical core, as a whole it has a special atmosphere, and I think our family will live there very happily.

In addition, from my personal standpoint, I am looking forward to the local theaters, which are quite outstanding.

[SIGNAL] We are getting used to the fact that you will work in what already is a foreign country. Let us take a look at that situation through the eyes of a tourist and a consumer: What does Slovak cuisine tell you?

[Sedivy] Slovakia has a lot of great meals to offer. Not long ago I ate some toasted mountain cheese there. It was very delicious. I am a man who likes good food, but I am not picky. That is another qualification for a diplomat—not to be picky and to be adaptable to social obligations in the culinary area.

Beverages? All kinds. I tasted some raspberry brandy there, which is an excellent liqueur, but I would just as soon order some good mineral water. Now, even beer is pretty good in Slovakia....

[SIGNAL] I would not mind tasting some of that toasted cheese or raspberry liqueur, but I would not change places with you. I just could not deal with certain Slovak politicians and react calmly and tactfully to some of their often irrational arguments....

[Sedivy] (Diplomatic smile.) I think it may again be to my advantage that I know most of the Slovak politicians and leaders of the government. Nothing should surprise me anymore, although...I am sure it will be a great opportunity to live and learn.

[SIGNAL] Did it occur to you at any time before November 1989 that the Czech lands would at some time have an ambassador in Slovakia?

[Sedivy] Hardly. The first time it occurred to me was during the negotiations with the Movement for a Democratic Slovakia [HZDS] on 20 June 1992. On that occasion, I fully realized that soon there could be such embassies and that many people in the HZDS were dreaming about an independent Slovakia.

[SIGNAL] Imagine being stuck forever in the diplomatic service. After your mission in Slovakia is completed, which country would attract you as a diplomat, and which would attract you as a quite regular fellow?

[Sedivy] You know, it is a moot question whether diplomacy to me will be "fun." Of all of my professions to date, I enjoyed the "running of the parliament" most of all. Diplomacy is a new field for me, so I cannot make any judgments beforehand. Moreover, I think I could hardly get another assignment as important as Slovakia. And so I do not know whether I would want another post afterward.

As a regular fellow? Well, I recently saw a series of documentaries about Tahiti. I think I would not mind staying there a while....

[SIGNAL] I wish you bon voyage (to Bratislava) and I thank you for the interview.

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P.S. I surely would wish Mr. Ambassador the assignment in Tahiti. He will hardly have it easy. Three days after our conversation, MLADA FRONTA DNES published the following report:

"The Administration of Services to the Diplomatic Corps chose the so-called C Mansion in Prague-Troja for the ambassador of the Slovak Republic, Ivan Mjartan.

"According to Ludek Fiala, chief of the Services to the Diplomatic Corps, the Chilean Embassy had originally built that luxurious building for its own needs. The three-story mansion, with a swimming pool, was recently completed, and, unlike his wife, Slovakia's Ambassador Ivan Mjartan is allegedly pleased with it.

"Our ambassador in Slovakia, Filip Sedivy, was close to tears when I showed him the mansion in Troja," Ludek Fiala told us. "The Slovaks made available to him in Bratislava a half-ruined nursery school that was flooded a few days ago when a water pipe burst. Until the building is repaired and dried, our ambassador will stay in the Borik Hotel...."

#### \* Social Democrats Prefer Czech-Slovak Cooperation

93CH0559A Bratislava MOSTY in Slovak 6 Apr 93  
pp 1-2

[Unattributed interview with Milos Zeman, chairman of the Czech Social Democratic Party, and Jaroslav Volf, chairman of the Slovak Social Democratic Party; place and date not given: "We Need Participatory Economic Democracy"]

[Text] We asked the leader of the Czech Social Democratic Party, a prognosticator by profession, and the leader of the Slovak Social Democratic Party, a chemical engineer by profession, how they see the future of our two states and how they intend to share in it.

[Zeman] The future is always conditioned by specific political activity. If in both states the autocratic regimes continue, regimes of strong personalities who cannot tolerate competition of equal stature next to them and, consequently, do not groom other personalities, it is very likely that the Czech Government will blame the Slovak Government for its failures, and the Slovak Government will do precisely the same. In both countries, the economic crisis will continue, accelerated among other things by the breakup of the common economic area and the domestic market. It will grow in the form of enterprise bankruptcies into a social crisis, which will manifest itself mainly by increasing unemployment. The authoritarian regimes will, of course, be tempted to use the well-known coercive measures to quell social unrest, and thus will basically come close to being like the communist regime.

[Volf] If developments should take an individual turn in each of the republics, the only result I can see is the

emergence of a dividing line primarily on the economic level, a boundary between two economic and therefore also political worlds. In such an event, the Czech Republic would probably become a component of the western part of Europe, albeit the weakest one, and Slovakia would become a kind of appendage of the eastern part of Europe. It would certainly be a tragedy if that were to happen.

[Zeman] I believe, of course, that there is another alternative, and it is one to which the Social Democrats want to contribute. An alternative that would gradually remove the artificial borders, in the initial phase, at least, by increasing their permeability. An alternative that would strengthen the elements of friendly cooperation on the economic level, as well as on the cultural and, of course, the political level. We are taking the first step, even if it is a very small step, in this direction. We signed an agreement between the Czech and the Slovak Social Democratic Parties, an agreement on very close cooperation on equal terms. I am convinced, and I think I can speak for you, as well, that we shall be the two parties—Czech and Slovak—that will cooperate together the most, and, in this sense, we shall become the basis, the portent of a future renewed Czechoslovak reciprocity.

[Volf] Mutual linkages, especially economic ones, between the Czech and the Slovak Republics should be preserved at any cost. We know that this will be very difficult under the present governments. It is well known, after all, that the only thing these two governments could agree on was that they do not want to continue working together in one state. The problem lies in the fact that, although the Czech side would meet the Slovak side halfway during the dividing process, it was only a matter of time before the mutual agreements would gradually lose their force. Those agreements were not very binding. They were very fragile, and, thus, it followed that, as soon as the actual division of the republic was accomplished, all positive linkages were quickly severed as well. Now there is a trend toward a kind of mutual disconnecting. An atmosphere of mutual distrust is beginning to be created, perhaps even a search for an enemy on the other side. But it seems to me that this is merely an effort by the two governments to escape the problems they both bear on their shoulders. While I am not one of those people who see the future in rosy hues, I do believe there must be an alternative, as long as I feel confident that, on both sides, live people who are wise and honorable, people who are close to each other. I believe that all of us in our respective republics can do much not only to preserve Czechoslovak reciprocity, but even to strengthen it. It is not only our wish; it is our duty.

[Zeman] There are several aspects to the solution of this issue. The political aspect, for one thing, but also the economic, social, and cultural aspects. As far as the political aspect is concerned, we can consider a setup of the Benelux type, the kind of union that would correspond to the European union assumed by the Maastricht treaties, and that, in its way, would prove our ability to



integrate ourselves into Europe by showing that first we are able to integrate ourselves. We can consider various forms of a union state, but none of those forms must be forced on either of the states by a decision from above, as was the division of the state.

As far as the economic dimension is concerned, we need to realize that a common economic area exists here, that there are thousands of ties of cooperation between individual enterprises, that any effort driven by national intolerance or exclusiveness to restrict those contacts only leads to a game in which both sides are losers and neither wins. Therefore, we need an economic participatory democracy, a democracy that will be based on employee co-ownership, which will enable employees to participate actively in the running of their company and identify with that company. Economic policy cannot only rely on blind market regulation but must supplement it by public regulation in the area of health care, education, ecology, and other nonprofit areas—for example, in the area of investments in infrastructure, which is a policy similar to what Bill Clinton is pushing in the United States.

Finally, there is the social and cultural dimension. We must start with the idea that everyone, independent of the economic situation, whether Czech or Slovak or a member of another nationality, who has the talent for study will study, without having to pay 700 korunas in monthly tuition. That every unemployed person will have the opportunity to take part in retraining programs and public works programs. That we shall support non-commercial cultural events and cultural exchange between the two nations. And, finally, there should be uniform retirement benefits, regardless of the economic situation. The slogan that everyone should manage on his own is totally justified in the case of people who are in their productive years, but we cannot apply it also to those who are still only preparing themselves for their professions—that is, the young people—or to people who have already left their professions—retirees. In other words, the social democratic alternative is basically the alternative of a solidary society. Solidarity is what binds together, nationalism is what divides. I would say that solidarity is the future.

[Volf] I think that, although all of these dimensions come into play, the question of economic ties is dominant. A certain cutback is natural at this time. A certain decline in mutual trade is to be expected. It is understandable

that each republic will search for other partners, as well. But we must make the most of the fact that these two economies mutually complement each other and that the existing structure will remain in place for a certain amount of time. We need to take advantage of it, we need to maintain a trade partnership in our area and cooperate even in investing. It is, after all, possible to invest jointly in certain projects that can later be used by both countries, or to jointly share in investments in other countries, in which case there could be agreements on the use of the yields from those projects. When we do see some controversies, these are not the expressions of the views or interests of individual enterprises or enterprise management. They occur, rather, at the political level. For example, meetings are taking place between representatives of the Czech and Slovak Unions of Industry, and the Slovak and Czech Associations of Entrepreneurs work closely together. The people themselves feel that a common market, a common economic area is essential to them. It would also be a very good idea to coordinate foreign policy to some extent. The point, after all, is not for each country to join a different spectrum of political groupings. To try to outrun each other to see who gets into an integrated Europe first, who will get there with whose help, but to try to proceed jointly within the framework of the Visegrad Group. It is precisely the Social Democrats in both republics who can help this process by proper coordination at the level of Social Democratic groups that are active in these countries.

[Zeman] The Social Democrats have always been against putting up barriers between people because of race, religion, or even political affiliation; their goal has always been a united Europe. It is not by chance that, in the European Parliament, the Social Democrats have the strongest political faction. It would therefore be atypical if the Czech and the Slovak Social Democrats did not cooperate closely and were not able to hold out their hands across the artificial borders created by intolerant, autocratic leaders. I arrived in Slovakia and was proceeding through the border crossing where a long line of cars was waiting. It looked to me like an overburdened artery. The exchange is being slowed down unnecessarily—exchange of people as well as exchange of ideas. I think we should do all we can so that this wound heals as quickly as possible. Although formally I arrived in a foreign country, and it is my first trip abroad in my function as chairman of the Social Democratic Party, I would like to say I do not feel like a foreigner here in Slovakia.

## Macedonia

### \* Opinion Poll Rates Politicians

93BA0883A Skopje PULS in Macedonian 25 Mar 93  
pp 12-13

[Poll Conducted by the NOVA MAKEDONIJA Public Opinion Testing Agency, conducted by Goce Georgievski; commentary by Zvezdan Georgievski: "Rating 1993, No. 1; Refutation of Stereotypes"]

[Text] *This first rating of Macedonian politicians for the year indicates that the popularity of the politicians is a variable factor and that, regardless of what people usually believe, it does not depend on the ethnic or political affiliation of the population but of the impression which the politicians make to the public*

Between 17 March and 20 March 1992 the NOVA MAKEDONIJA Public Opinion Poll Testing Agency conducted an anonymous telephone poll of 426 adult respondents in the RM [Republic of Macedonia] (or 0.03 percent of the electorate), to establish the public rating of 12 Macedonian politicians, on the basis of a rating list drawn up by the weekly PULS.

The respondents were selected on the basis of a single-stage, proportional, and computerized proportional random sampling, taken from the RM telephone directory.

This was the first time that such a methodology, which of late has been extensively used by institutes and agencies in the United States and in Europe, was applied in Macedonia. On the other hand, the structure of the respondents in this poll is extensively consistent with the structure of the adult population. Namely, the thoughts of the following respondents were recorded: gender: 49.77 percent men and 50.23 percent women; age: 18-29, 32.63 percent; 30-49, 40.85 percent; 50 or older, 26.53 percent; education: primary, 16.90 percent; secondary, 55.4 percent; and higher, 25.07 percent; Macedonians, 69.95 percent; Albanians, 21.36 percent; Turks, 4.46 percent; Serbs, 2.82 percent; other, 1.4 percent; members/sympathizers of the VMRO-DPMNE [Internal Macedonian Revolutionary Organization-Democratic Party for Macedonian National Unity], 4.23 percent; of the SDSM [Social Democratic Alliance of Macedonia], 7.98 percent; of the RS-LP [Reformist Forces-Liberal Party], 2.82 percent; of the PDP-NDP [Party for Democratic Prosperity-National Democratic Party], 14.55 percent; other parties, 2.11 percent; unaffiliated, 68.31 percent.

The percentage of abstentions was relatively low (8.76 percent), which proves the interest of the respondents in participating in the poll.

Life goes on and changes occur other than the popularity of Kiro Gligorov, at least as far as our Macedonian area is concerned, and among people who live in this country

and are aware of Macedonian political life. The traditional investigation of public thinking, the purpose of which is to rate the popularity of Macedonian politicians, as quoted in PULS, confirmed the fact that the popularity of the president of the Macedonian State remains intact.

This fact is confirmed with the latest survey (this time conducted by the NOVA MAKEDONIJA Public Opinion Poll Agency). However, unlike previous ratings of Macedonian politicians, as published in PULS, the respondents had only four options: "favorable," "unfavorable," "no opinion," or "unaware," so that, in practical terms, the rating of the politicians could be classified into two opposite views.

On this occasion, 86.15 percent of the 426 respondents expressed their satisfaction with Kiro Gligorov. Also at the top is Stojan Andov, approved by 60.56 percent of the respondents. There also was a positive reaction to the prime minister and the deputy prime minister of the Macedonian government (Branko Crvenkovski, 54.69 percent, and Stevo Crvenkovski, 53.29 percent). Traditionally, the upper half of the list includes Petar Gosev (with an approval of 49.53 percent). This time Nevzat Halili, the PDP leader, who almost consistently scores some of the lowest PULS ratings, with strong disapproval, had improved by several grades, with a rating of 31.92 of approval, and 49.77 percent of disapproval. On the basis of his rating, Ljupco Georgievski, the leader of the "most national" Macedonian party, the VMRO-DPMNE, remained somewhere at the bottom of the list, with an approval of no more than 17.61 percent and a disapproval of 69.25 percent. Somewhere in the middle is Ljubomir Frckovski with a disapproval (44.6 percent) as compared to a 34.74 percent approval of his job as head of the Macedonian police.

The studies revealed that positive views on Kiro Gligorov were expressed by the members of the Social Democratic Union of Macedonia (100 percent), the Socialist Party (100 percent), the Reformist Forces-Liberal Party (83.33 percent), the VMRO-DPMNE (66.67 percent) and the PDP-NDP (66.13 percent). In terms of ethnic structure, 90.27 percent of the Macedonians approve of the president together with 71.43 percent of the Albanians included in the poll. It is interesting to note that all those who declared themselves ethnic Serbs approved of Gligorov.

The fact that the affiliation with a party does not imply an approval of the representatives of that party is confirmed by the case of Parliamentary Chairman Stojan Andov. Specifically, only one-half of the respondents who claimed to be members of the Reformist Forces-Liberal Party (in other words members of Andov's party) approved of him.

The other half disapprove of Andov's work. Unlike the members of his party, he was approved by 76.47 percent of those affiliated with the SDSM, as well as 55.56 percent of the members of the VMRO-DPMNE.

Among the supporters of the Socialist Party, one-half approved of Andov, while only 25.81 percent of the members of the PDP-NDP approved of him.

A cross-reference of data concerning Branko Crvenkovski indicates that he meets with the approval essentially of people of so-called middle age, as well as the elderly. Namely, in the 18-29-year group (meaning those who are generationally closer to the prime minister) less than one-half (46.76 percent) approved of him, whereas, unlike them, 56.32 percent of people aged 30-49, and 61.92 percent of people over 50 approved of the prime minister. These figures are consistent with the results of the age breakdown of people who disapproved of Crvenkovski. One-half of the people under 29 disapproved of the prime minister; 17.24 percent of people aged between 30 and 49 disapproved of him and so did 16.81 percent of people over 50.

As to the party affiliation of those who approved of the prime minister, let us note that virtually one-half (44.44 percent) of those respondents who are members of the VMRO-DPMNE, which is the strongest opposition party, approve of Crvenkovski. Conversely, only 38.89 percent of the members of that party disapprove of the Macedonian prime minister.

This clearly manifested lack of party discipline is confirmed by the members of the parties included in Crvenkovski's coalition government. Thus, for instance, 79.41 percent of the SDSM supporters approved of "their own" prime minister, whereas the percentage of approval by reformist forces was 66.67 percent; 50 percent of the PDP-NDP supporters and only the members of the Socialist Party who supported the prime minister 100 percent.

On the other hand, what characterized the opinion on Stevo Crvenkovski, the deputy prime minister, was that 43.96 percent of the Macedonians approved of him and so did 79.12 percent of the Albanians. This could be interpreted as a result of his recent speech in parliament and his polemics with the VMRO-DPMNE representatives.

Equally interesting is the ethnic structure of the respondents who have expressed approval or disapproval of the

"first policeman" of Macedonia, Ljubomir Frckovski. Thus, for example, 42.95 percent of those who identify themselves as Macedonians approve of him while 32.89 percent of that same ethnic group disapprove.

Unlike the Macedonians, only 8.79 percent of the Albanian population approves of the work of the minister, whereas the great majority of Albanians (83.52 percent) disapprove of him.

It was expected that the highest percentage of Albanians would approve of Nevzat Halili, the leader of the PDP, and that is precisely what happened. Specifically, 95.6 percent of the Albanian population and, respectively, 96.77 percent of the members of the PDP-NDP approved of the Albanian leader. What is curious is that 11.41 percent of the Macedonians expressed a positive view of Halili. This is consistent with the percentage of supporters of the VMRO-DPMNE who approved of him (11.11 percent). It is also interesting to note that 50 percent of the members of the Reformist Forces approved of Halili, equaling the number of "reformists" who approve of Stojan Andov.

As to Ljupco Georgievski, the VMRO-DPMNE leader, he was approved by 24.16 percent of the Macedonians and disapproved by 59.41 percent of them. As many as 94.51 percent of the Albanian population disapprove of the leader of this "most-Macedonian" party and only 1 percent of that population approves of him. We should also note that dominant among the respondents who approve of Georgievski are people with primary education (19.44 percent) and secondary education (19.92 percent), compared to 11.86 percent of people with higher education who approve of Georgievski.

As was to be expected, among the people who approve of Georgievski most are members of the VMRO-DPMNE (83.33 percent); a more substantial percentage of people who approve of him could be noted also among the supporters of the Reformist Forces (25 percent).

In any case, this rating as well has indicated interesting results conflicting with the stereotypes concerning the personalities of individual politicians and the marketing efforts of the parties with which said politicians are affiliated.

Table 1. Your Opinion on Individual Macedonian Politicians

	Approve	Disapprove	No Opinion	Never Heard of Them
Kiro Gligorov	86	5	8	1
Stojan Andov	60	24	15	1
Branko Crvenkovski	55	20	24	1
Stevo Crvenkovski	53	18	23	6
Petar Gosev	50	17	30	3
Jovan Andonov	39	14	27	20
Ljubomir Frckovski	35	44	18	3
Nevzat Halili	32	50	13	5
Kiro Popovski	29	31	27	12

Table 1. Your Opinion on Individual Macedonian Politicians (continued)

	Approve	Disapprove	No Opinion	Never Heard of Them
Ante Popovski	26	27	18	29
Ljupco Georgievski	18	70	11	1
Vlado Popovski	17	12	32	39

\* Chairman of Trade Union Association Interviewed  
93BA0888A Skopje PULS in Macedonian 18 Mar 93  
pp 15, 33

[Interview with Zivko Tolevski, chairman of the Macedonian Trade Union Association, by Zvezdan Georgievski; place and date not given: "Strike After Strike"]

[Text] *Zivko Tolevski, the Macedonian Lech Walensa, leader of the Macedonian Trade Union Association, is openly quarreling with the government, disagreeing with changes in the laws on public enterprises and the power industry. He does not allow for the government to dictate the conditions of the collective contract and, firmly supports the view that the trade union is an interested party whose main task is to defend the rights of the workers. In other words, under his leadership the trade unions have assumed the role which, in fact, he has always demanded*

[PULS] Inevitably, the first question is about the flood of strikes which has spread throughout the Republic. Since it can be said that strikes are the main instrument of the trade unions, are the unions the main promoters of this situation?

[Tolevski] Considering the times in which we live, it was easy to predict that the low standards, decline in production, the problems on which we disagree or, in brief, the overall atmosphere in the Republic would inevitably trigger social upheavals and strikes. To us, in the trade unions, this comes as no surprise whatsoever. Conversely, we actively participated in those strikes (particularly since last September), and have helped to organize them. They are being held in accordance with the law, something I consider essential. We were also interested in determining the results of such strikes. Therefore, to people familiar with the situation those strikes were nothing strange and the only question was who supported them in the country. The trade unions believe strikes to be the final means available to them to have their demands met.

[PULS] We can clearly see that a high percentage of the Macedonian labor movement has been striking. Do you have precise data on this matter?

[Tolevski] In the first two months of this year, there were 13 organized strikes involving about 33,000 workers. The strikes lasted between one and 27 work days. The longest one was that of the "Centro" personnel. It lasted 27 days; the personnel of the MZT [Tito Metal Works] Foundry struck for 12 days; the personnel of the Bitola

REK [Ore-Mining and Power Combine] were on strike for 11 days; the health workers struck for nine days....

[PULS] Apparently the biggest controversy was caused by the strike at the Bitola REK!

[Tolevski] The strike at the Bitola REK created a number of opinions, ranging from one extreme to another. The basis, nonetheless, was that the personnel of the Bitola REK asked for higher wages and immediately after that requested a change of management. The trade unions supported the request for higher wages and then we participated and assisted in applying the main steps related to organizing the strike while observing the law according to which production in the mine and in the thermoelectric power plants would proceed normally. Our evaluation, although the public developed the idea that the personnel of the Bitola REK were trying to blackmail the government, is that the strike developed in accordance with the existing rules and that the production process was not interrupted. The trade unions were regularly in touch with the strikers, and I can assert that the strikers were fully aware of the problems and difficulties of the economy, which means that there was not even a question of extortion. The change of leadership demanded by the workers was based on hundreds of cases of unprincipled work by the leading personnel. In any case, it is a fact that the replacement was made under pressure but in a way approved by the Electric Power Utility and according to its own rules.

On the other hand, the strike was triggered by the government which demanded that the parliament make changes in the laws governing the power industry and the public enterprises that would restrict the right to strike. It is a known fact that we sharply reacted in the Assembly, pointing out that the passage of such amendments would set the precedent of grossly violating the rights of the workers, and would give the government the authority to choose the managements of public enterprises. We believed that that was not right and that the use of such decisions could have undesirable consequences. In that sense, the trade unions would see to it that such amendments are never applied. We shall continue to apply the existing rules governing the Law on Strikes, the Strike Regulations, and the Collective Contract, which support this requirement quite firmly.

[PULS] On the basis of such thoughts, do you think that the public developed a wrong idea concerning the trade unions, following the events in Bitola?

[Tolevski] What I am telling you is based on the information acquired as a result of direct talks with the



strikers. What the media wrote came most likely from some statements by individuals within the strikers committee and some members of the former leadership. The trade unions have never believed that the REK was using extortion tactics in dealing with the state. We asked the people from the government to go to Bitola with us. However, the government refused. The deputy prime minister went to Bitola even without taking along the director of the Macedonian Electric Power Utility. This action gave the impression that there were secret maneuverings. Second, according to the trade unions not a single trip to Bitola was made by members of the government. From the very first day of the strike we had to go there and we did. We gave instructions on how to proceed with the strike in order to avoid consequences. The information media did not report our regular contacts with the strikers. On the other hand, I can openly state that the government relied on force. Take for instance the statement which the deputy prime minister made on television. He claimed that the strikers were shouting, yelling, and so on. This proves the type of attitude the government had adopted concerning that strike. Furthermore, the government forgot that it was a question of people who have the right to strike and with whom one must talk in order to find a solution.

However, the government did what it wanted and asked the Assembly for amendments. Unfortunately, in a half-empty chamber (on the first day of the request some 60 assemblymen were absent; 57-58 were absent the second day) the Assembly passed the amendments. We reacted promptly and we believe that if the government and the trade unions had acted together the situation would have been entirely different.

As to the fact that there were those who wanted personnel changes at the Electric Power Utility and that some people didn't like its director, this could have been resolved differently, and workers should not have been used for this purpose.

[PULS] You claim that you will not honor the legal resolutions which were passed. Is this not a kind of dualism, unacceptable in a law-governed state?

[Tolevski] There is a Law on Strikes that was passed and must be obeyed; there also are strike rules, and no one should blame us if people in the government are unfamiliar with them; there is a collective contract that deals with this issue as well, and we cannot accept any restrictions on the right to strike. In the final account, if necessary, we shall oppose these new legal regulations again with a strike! There are those who may think that we should be held responsible for this, but I say that at the end we shall see who is to blame.

I would also like to say that we appealed to the president of the Republic with the request to send those laws back to the Assembly. Since this did not happen, we shall address ourselves to the Constitutional Court and

oppose the amendments. We shall appeal to all international organizations involved in labor rights. Briefly, we reject the ban on the right to strike.

[PULS] The case of the Bitola REK seems to prove that the government behaves differently according to which public enterprise is striking. Let us look at the strikes in communal enterprises and of the locomotive engineers.

[Tolevski] It is indeed true that the attitude toward such strikes varied. Apparently, it was not in the interests of the government to change the directors of communal enterprises, as was the case with the Electric Power Utility, and it was because of the REK strike that it asked for those laws to be passed. As to the strike of the locomotive engineers, the impression was that the government was even supporting their trade union, the Association of Independent Trade Unions. Whereas in the case of the railroads we pointed out that we would discuss wages within the limits of the possibilities and the collective contract, the others stopped the trains from running, and the government sat down and discussed the situation with them. We said that the railroads are a public enterprise and that the strike would not stop transportation. Nonetheless, transportation was stopped and the government did not ask for any changes in the Law on Public Enterprises. Even the letter on improving wages at the ZTP [Railroad Transport Enterprise], signed by the government and the Chamber and the Association of Independent Trade Unions, instructed the SOK [Public Accounting Service] to pay the salaries. Consider the arrogance of this unheard-of scandal.

[PULS] You probably are not against trade union pluralism. Why should the government not recognize trade unions other than yours?

[Tolevski] Throughout the world it is the largest trade unions that engage in talks, although unions with some 200 members may be founded in the hundreds. In our case, the largest trade union is the Association of Trade Unions. Does the government want proof that we are the largest trade union association? How would they like to find this out? Last year, without being forced, we proved that we had 364,000 members. Would the government like for us to ask all those members to take to the streets so that the government realize that we are the largest trade union? We would like to work differently. At the same time, everyone must realize that we do not intend to be anyone's tool, neither of the government nor of any party or state agency. Such things will no longer happen with this organization.

[PULS] But what will be the situation of the trade unions if the strike is organized for political purposes? Thus, if the case of the Bitola REK became politicized the use of such an organization that is so important in terms of the vital interests of the state could not only remove some directors but the entire government could fall.

[Tolevski] Essentially, all the strikes backed by the trade unions essentially involve social demands. We are not naive and we do realize that many strikes could be

abused. An example was the strike of the construction workers. The strikers went to the Assembly raising party or political slogans. Yet all the people wanted was higher wages. We are doing everything possible not to abuse the right to strike.

Naturally, there is such a threat, but the political parties, particularly those in parliament, should sit down together and reach an agreement. A similar danger existed in the REK as well, but we have always valued the views of the majority of the workers, and we believe that this is the most realistic way of achieving progress.

[PULS] Is there no danger that the parties may infiltrate the top leadership of the trade unions and thus influence the membership? As one of the largest public organizations, by the very nature of things, you should be the focal point of party interests.

[Tolevski] In these confused political times we find it very difficult for the trade unions to support a given party. That is why we are very cautious and that is also why, as its chairman, I have always said that at this point we have no need for trade union members who are tied to any party. We need people who feel free and are more relaxed. Obviously this is not always possible. We are a very big organization, represented in all townships in the Republic. We have 14 branches and are present in thousands of enterprises. We can detect party influences at the EMO in Ohrid, for instance.

[PULS] Let us speculate: in the past elections the trade unions remained entirely neutral; now they have realized that they need to have an influence in parliament. The trade unions are exerting such an influence through a parliamentary party which, in turn, implements its party objectives through the trade unions in the enterprises.

[Tolevski] Honestly speaking, it is in our interest to have some influence in parliament. However, to be equally honest, to this day we have not secured any real influence. We believe that it would benefit us greatly to have 20 or 30 trade-union members in parliament, regardless of the party to which they may belong. We have assessed the situation and realized that such is not the case today.

Second, so far we have not discussed with any party the issue of influence, although the parties are very interested in influencing the workers through us. They know this, for which reason they try to do it but surreptitiously, if I can say so. They "take over" individuals in enterprises and collectives and we are aware of such influences.

In the next elections, the trade unions will support a program which they believe to come closest to their ideas. However, I truly doubt that the parties are currently aware of the type of program they have formulated and the way they put them to practical use.

If you take into consideration the fact that the Social Democratic Union is oriented toward social democracy and yet it submits controversial laws with the help of the

government, I can tell you confidently that no such thing is possible in the world. A party with such a clearly defined concept cannot make such decisions. This becomes a problem: Could it be that in the next elections, such a party which, based on the nature of things, should be close to our ideas, would have our support?

[PULS] The party did not even consult you when it suggested amendments to the Law on Public Enterprises.

[Tolevski] How could it be for a social democratic government to call for a law to be passed that would restrict worker rights without consulting the trade unions? Let me repeat this: this is a unique case of arrogance and tyranny. I can most responsibly claim that such actions are shortening the existence of the government. It is obvious that our level of defending ourselves against such actions has risen.

[PULS] Assuming that we agree that the REK is an organization of truly special social interest, was it necessary for those amendments to the laws to be passed?

[Tolevski] Absolutely not. The REK strike came to an end and caused no harm whatsoever.

[PULS] This is not to say that it could not.

[Tolevski] Material damages can be caused under normal circumstances as well, and they have. However, no one has been held responsible for them. Has anyone at REK ever been answerable for a breakdown? Have you ever heard of such a thing? If such damages were caused by the workers, they should have been held liable. It is those gentlemen who sit in their offices and are responsible for nothing who are the true players in the gray economy and the black market. Naturally, no one is held liable for this. Meanwhile, the workers at the REK kept protecting the means of production from harm.

How great is their sin compared to the sins that are now being committed by the state, the sin of failing to submit the set of regulations, the waste of time in parliament, and the involvement of members of the government in private business. Why is it that the gentlemen from the government do not sit down for a period of five days and consider how to reorganize the tax system and develop a real tax policy, how to block the gray economy, and why not discuss the fact that individuals involved in private business should not be working for the government? What we need now is a government that would fight for a law-governed state. We are with the impression that this is not taking place. These people simply lack enough time. If you run a private business yet hold a government position you know what to do.

[PULS] Nonetheless, this government is your partner in the talks on the collective contract. You are seen together on television, all of you smiling, and one would think that in this case at least everything is in order. However, the talks on the contract have dragged on. Actually, where is the problem?

[Tolevski] First of all, any government in power is our partner and, unquestionably, we will always discuss matters with the government. This government has individuals worthy of respect. This must be said.

The collective contract expires on 30 April. It was signed last year, with the previous government. As we know, that contract was suspended by the law which froze wages. In the autumn, when these laws were abrogated, once again the collective contract became effective, for which reason there was absolutely no need for talks. However, within the framework of its macroeconomic policy, the new government asked for some kind of restriction on wages, for which reason we adopted a joint resolution effective until 31 December. Wages are now being paid on the basis of the collective contract according to which the SOK is making the payments. The purpose of the talks was to find a solution that would allow some kind of control over wages, for the government wanted to control consumption. Generally speaking, what the government wants is not objectionable. What is objectionable is that we cannot accept now any wage limits, and the government should not force us to make any kind of decision. For example, prices are increasing wildly and no one is controlling them. In countries where anti-inflationary steps are taken, wages are frozen but, at the same time, a ceiling is put to prices as well. Other measures are taken as well. Let anyone in the government tell us what are the other measures which have been taken in Macedonia, and why and how last year, legally, wages were raised.

To the trade unions the collective contract is of historical significance. Furthermore, there can be no trade union without a collective contract. In other words, if a person is hiring out his labor he has the right to reach an agreement on the value of his labor and all the rights which proceed from this right. We have always fought for wage increases. This is our job and this is nothing new. As long as there are workers and trade unions there will also be a collective contract and a struggle for increasing the rights of the workers.

[PULS] Collective contract talks have been going on for some three months. The contract expires on 30 April. Is it possible to ignore this deadline and this entire issue simply be ignored?

[Tolevski] We submitted a request for amending Article 84 of the collective contract (which regulates the duration of the contract) and suggested that the collective contract remain in effect for three years, although we are prepared to discuss the term of its validity. This initiative will be submitted at the proper time to our partners, and we shall wait for their response.

Since both the Chamber and the government are in favor of reaching an agreement, I think that the partners will answer positively to this initiative. However, if anyone thinks that he can ignore the date of 30 April and then pass a law on wages, then I can tell you most frankly, we shall sign the contract on the sidewalk in front of the Assembly. Furthermore, no more concessions affecting the collective agreement will be allowed in Macedonia.

[PULS] Some say that the leadership of the trade unions itself is unwilling to sign a collective contract because the contract will have an adverse effect on their salaries.

[Tolevski] Such is not the case. We are ready to sign the contract right now. As early as last autumn, we suggested a law on the progressive taxation of wages but you know what happened to it in parliament. So far, this has been mentioned both by the Chamber and the government and we have not objected. On the contrary, we would help in passing such a law. There is no problem whatsoever in this case.

[PULS] Therefore, is the salary of the Macedonian leader of the workers, or, respectively, the chairman of the trade unions, a secret?

[Tolevski] It is not: it is 504,000 denars. This includes the latest increase and is based on a 20-year seniority. Is this too much or too little? Probably in terms of a large number of workers this is quite a lot. Probably the salary (which I was paid past month) may be grounds for criticism. However, I did not join the trade unions guided by material interests.

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